

**DIGITAL TECHNOLOGIES AND FINANCIAL PERFORMANCE IN LOCAL
GOVERNMENT IN UGANDA: A CASE STUDY OF KABALE DISTRICT**

By

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DECLARATION

I, **Herbert Mugume**, declare that this dissertation titled, “*Digital technologies and financial performance in local government in Uganda: a case study of Kabale District*” is my original and has not been presented for an award of a degree in any other University.

Signed.....

Date.....

HERBERT MUGUME

Reg 2020/A/MBA/2264/W

APPROVAL

This is to certify that this dissertation titled, “*Digital technologies and financial performance in local government in Uganda: A case study of Kabale District*” has been conducted under our supervision and is now submitted for examination with our approval as the University Supervisors.

Signed:.....

.....

DR. ABANIS TURYAHEBWA

DR. ETON MARUS

Supervisor

Supervisor

DEDICATION

I dedicate this report to the All-Powerful God who has helped me finish my studies.

I also want to thank Kabale District Local Government for providing me with the opportunity to conduct my research there, as well as my family members who have helped me out financially and spiritually so that I could bring this to a conclusion.

May the gracious Lord richly bless them!

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I would like to express my gratitude to everyone who helped with the completion of this research, both materially and morally.

I want to express my sincere gratitude to the Almighty God, who has helped me and directed me in everything I have done. I also ask for His protection and love to always be present in my life.

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I appreciate the help and advice I have received from the officials of Kabale District Local Government as I pursued this programme.

God bless them!

LIST OF ABBREVIATIONS

CAO	Chief Administrative Office
IFMS	Integrated Financial Management System
LGAs	Local Government Areas
KDLG	Kabale District Local Government
MWE	Ministry of Water and Environment
MoLG	Ministry of Local Government
FCF	Free Cash flow
PEFA	Public Expenditure and Financial Accountability
ICPAU	Institute of Certified Public Accountants - Uganda
SAI	Supreme Audit Institution

ABSTRACT

This study examined the effect of digital technologies on financial performance at Kabale District Local Government. The predictor variables under study were integrated financial management systems, programme-based budgeting system and integrated personnel and payroll system, while financial performance was the outcome variable. The study followed a cross-sectional survey design. Data from 139 respondents was collected and analysed quantitatively, complemented with qualitative analysis. Since descriptive analysis entailed description of a single variable and its attributes, frequency tables were used to present the data. At the bivariate level, a Pearson correlation matrix was conducted to ascertain the relationships between the predictor variables and the dependent variable. A linear regression model was used to fit the data. Research findings from the regression model show that integrated financial management systems ($R=862$), programme-based budgeting system and integrated personnel ($R=756$ and integrated personnel and payroll system ($R=829$) have a positive significance on the financial performance at Kabale District local government. The main conclusion drawn from this research is that integrated financial management systems, programme-based budgeting system and integrated personnel and integrated personnel and payroll system have a significant effect on service delivery. The study therefore recommends that there is need to put more efforts on integrated financial management systems, programme-based budgeting system and integrated personnel and integrated personnel and payroll system for fortitudes of making financial performance as a custom at Kabale District Local Government.

CHAPTER ONE

INTRODUCTION

1.1. Introduction

This study examined the effect of digital technologies on financial performance in local government in Uganda in the case of Kabale district local government. Digital technologies were conceived as an independent variable and financial performance was conceived as a dependent variable. This chapter covers the background of the study, statement of the problem, the purpose of the study, objectives of the study, research questions, hypotheses of the study, conceptual framework, justification of the study, the significance of the study, scope of the study and definitions of operational terms.

1.2. Background of the study

1.2.1. Historical Perspective

Almost every facet of modern life is now captured by digital technology (Sundaram et al., 2020). The efficiency and economic outcomes of retail financial transactions are dramatically impacted by digitization, which in turn alters the population's quality of life. It merits special consideration because of this. According to Gigova, et al. (2019), the Covid-19 pandemic demonstrated that closing entire cities and areas around the globe and isolating the populace would be difficult without efficient operation of local governments and various businesses. Studying the influence of digitization on local governments is crucial for affecting financial performance because it can help with future projections and other emergencies. Financial performance is a measure of a company's ability to gather and allocate funds over a specific time period while maintaining adequate capital, liquidity, solvency, efficiency, leverage, and profitability (Abbasi, & Vassilopoulou, 2017). Financial performance is defined as an organization's overall financial health during a given time period, including its capacity to raise and spend money as shown by a number of metrics, including its capital adequacy ratio, liquidity, leverage, solvency, and profitability (IAI, 2016).

However, businesses and organizations have not tracked their financial success. The importance of financial performance dates back to the times when organizations felt the need to implement a thorough performance management process into their system in order to increase overall

productivity and performance effectiveness. At that time, market competition pressures were beginning to increase. According to Abdel-Basset and Nabeeh (2021), the performance appraisal systems that were in use in the early 1960s were the precursors to financial performance management. Annual Confidential Reports, also known as Employee Service Records, were kept at this time in order to monitor employee behaviour and to offer detailed information on the employees' performance. The amount of income generated from sales after deducting production expenses and the percentage amount a firm gets per dollar of sales are important metrics for corporations to follow, yet organizations and enterprises around the world have failed to do so (Adegboye, et al., 2019).

Beginning in the late 1960s and early 1970s, when businesses began to face difficulties that caused them to fail, African organizations began to appreciate the need of assessing financial performance (Adams, 2017). Adegboye, et al. (2019) proposed that finance digitalization, which comprises the integration of various technologies and methods that enable the finance function to deliver value in the digital era, be used in this process of evaluating the financial performance. This was expanded upon by Agarwal, et al. (2020), who noted that the adoption of digital technology by African businesses has greatly aided the promotion of integrated financial management systems, programme-based budgeting systems, and integrated personnel and payroll systems. Agenda (2019) explains that encouraging integrated financial management systems, programme-based budgeting systems, and integrated personnel and payroll systems in local governments in African countries will create accountability, financial reporting, and value for money in addition to effectively combating corruption and ghost workers in local governments. However, financial performance in African nations remains a nightmare that requires careful examination,

The Local Government Finance Management Act 56 of 2003 in Uganda was passed with the following goals in mind: to ensure sound and sustainable management of the financial affairs of municipalities and other institutions in the local sphere of government; to establish treasury norms and standards for the local sphere of government; and to provide for matters related thereto. The start of the ceremony was as follows: 1 July 2004, excluding Sections 62(1)(f)(iv), 71, 110 to 116 and 120; 9, 38, 29, 40, 41 and 42; 5(3), (4) and (8), 28, 34 (3), 73, 91, 123, 126 to 134, Chapter 13 and Section 179; Sections 83, 107 and 119; Section 45(4)(a) (Gazette 26510 of

25 Jun 2004), 1 December 2004, Sections 62(1)(f)(iv), 71, 110 to 116 and 120 (Gazette 26510 of 25 Jun 2004), 1 Apr 2005, Sections 9, 38, 29, 40, 41 and 42 (Gazette 26510 of 25 Jun 2004), 1 Jul 2005, Sections 5(3), (4) and (8), 28, 34 (3), 73, 91, 123, 126 to 134, Chapter 13 and Section 179 (Gazette 26510 of 25 Jun 2004), 1 Jul 2006, Sections 83, 107 and 11 (Gazette 26510 of 25 Jun 2004) and 1 Jul 2008, Section 45 (4)(a) (Gazette 26510 of 25 Jun 2004). To foster democratic accountability, it is important for civil society and other actors to align their actions with enforceable government laws, policies and regulations. This also provides an opportunity for constructive partnership between civil society, political society and the state apparatus in enforcing defined standards (Alcaide–Muñoz, et al., 2020)

Deep social and industrial changes are occurring in Uganda as a result of pervasive digital technologies (such as the internet of things, cloud computing, artificial intelligence, and big data analytics) (Ahl et al., 2017). Local governments across Uganda are accelerating their digital transformation (DT) in order to remain competitive in the digital environment. DT refers to a company's efforts to use digital technologies to enhance its customer relationships, operational procedures, or business models. Ninety-two per cent (92%) of the surveyed companies started DT in an effort to develop competitive advantages, according to a survey conducted among international industrial companies by Parametric Technology Corporation. The methods used by digital technologies include reasonable budgets, regular audits, risk management, sufficient reserve funds, cost forecasting, staffing level management, and accounts. Receivables Inspection. Given the significant expenses associated with DT, not all businesses are confident in its business benefits. The results of the available studies on the impacts of DT on organizational performance are also inconclusive. The purpose of this study was to determine how effective DT was in fostering integrated financial management systems, programme-based budgeting systems, and integrated personnel and payroll systems.

1.2.2. Theoretical Perspective

The Systems Theory put forward by Ludwig von Bertalanffy in the 1940s served as the foundation for this investigation. According to the theory, a complex system is composed of numerous smaller systems, and it is the interactions between these smaller systems that give rise to the larger, recognized complex system. According to Galy and Saucedo (2014), for the entire system or plan to function, several components or sub-systems must work together (Hanna,

2017). Systems theory aids managers in viewing organizations more widely, and the idea of consensus management and decision-making in local government organizations depends on a systems approach. Designing the organizational structure (decentralization), designing the control systems (budget evaluation style), and choosing the managers are three crucial administrative strategies that an organization can employ to deal with unpredictability in the environment (Hanna, 2017). The theory's strength is that it examines an event as a whole rather than just the accumulation of its component elements. Understanding an entity's organization, operation, and results centres on the interactions and relationships between its pieces. The application of social systems theory in social work has the limitation that occasionally psychological approaches are required for treatment. For instance, a person with serious mental illness may require customized psychotherapy counselling and possibly medication. Due to its power, this study is based on systems theory. This is done by systematically highlighting the measurements made in the variables, particularly digital technologies, which are independent variables on integrated financial management systems, programme-based budgeting systems, and integrated personnel and payroll systems regarding financial performance, which is viewed as the accountability. Value for money and reporting. The notion is pertinent to the investigation into how local government finances are affected by digital technology.

1.2.3. Conceptual Perspective

Electronic tools, systems, equipment, and resources that produce, store, or analyse data are referred to as digital technologies (Sundaram, et al., 2020). Any sort of learning that incorporates technology is considered digital learning, according to Ying (2016a). It may occur in any subject area covered by the curriculum. In this study, the terms Integrated Financial Management Systems, Programme Based Budgeting System, and Integrated Personnel and Payroll System may be used to refer to financial performance in local government.

Integrated financial management systems were described by Adepoju (2020) as an IT-based budgeting and accounting system that controls expenditures, the processing of payments, budgeting, and reporting for governments and other organizations. According to Ahl (2019), an IT-based integrated financial management system (IFMS) oversees spending, payment processing, planning, and reporting for governments and other institutions (Akbar, et al., 2019).

Depending on the size and requirements of the company employing the system, an IFMS may be pre-made software or a custom-made system. According to Balsmeier and Woerter (2019), the following IFMS competences can enhance an organization's financial management: improved cash, debt, and liability management, ability to better budget modelling procedures using historical data, the less expensive financial transactions, and improved capability for making decisions.

Programme-Based was defined in 2020 by Baales as a method for budgeting. Budgeting is the organization of all financial data, programmes and services provided by the City. The budget will display the expenditures and revenues of the programme, as well as a method for assessing the programmes. The process of creating budgets based on the correlation between programme funding levels and anticipated results is known as performance-based budgeting (Banga, 2019). Programme managers can utilize a performance-based budgeting method as a tool to control more cost-effective and productive budgetary expenditures (Barazandeh, 2015). In order to carry out various human resource responsibilities, Ministries, Departments, Agencies, and Local Governments (MDAs & LGs) are implementing the computerized Integrated Personnel and Payroll System (Bardhi, & Eckhardt, 2017).

An automated network called a payroll integration system makes it possible for payroll clerks and the HR department to retrieve employee information without the need of duplicate files or manual transfers (Barlatier, et al., 2020). Payroll integration typically takes place between accounting software, HR data, time tracking, and expenditure tracking (Canals, 2019). When examining an employee, a payroll system primarily considers their current hourly or compensation rate (Carbonaro, et al., 2018). Federal, state, and municipal taxes are calculated by payroll systems along with net pay for a specific pay period,

The financial statements are financial records that include information on cash flows, balance sheets, profit-loss statements, and capital changes. Corporate managers use this data to determine the company's financial strategy. Financial performance is a gauge of how effectively a company can utilise resources from its main line of business and generate income (Carmen, et al, 2019). The phrase is also used as a broad indicator of a company's long-term financial stability (Caruso, 2018). Accountability is described as taking ownership of one's obligation for acting in an honest and moral manner toward others (Chen, & Zhang, 2017). According to Chen, et al. (2021)

accountability in the workplace is all about creating and upholding a common expectation by stating the mission, values, and goals of the organization in unambiguous terms. A high-performing organization is produced by fostering this employee accountability culture. Following best practices to produce formal records that give thorough insights into financial information to stakeholders, including information on a company's sales, costs, profits, capital, and cash flow (Charlo, et al, 2017). Documenting and conveying financial performance over defined time periods, usually on a quarterly or annual basis, is the process of financial reporting. Financial reports are used by businesses to compile accounting data and report on their current financial situation (Chapman, 2016). Value for Money is described as a benefit obtained from each and every purchase or amount of money spent (Choongo, 2017). Value for money is based on the highest efficiency and effectiveness of the purchase in addition to the lowest possible purchase price (economy) (Chowdhury, et al., 2019).

1.2.4. Contextual Perspective

The local government of Kabale District is made up of the following local administrative units: Maziba, Kaharo, Kyanamira, Buhara, Katuna Town Council, Ryakarimira Town Council, Rubaya, Kitumba, Kahungye, Kibuga, Butanda, Kamuganguzi, and Kabale Municipality, which is divided into three sections: the southern, central, and northern. These administrative units are composed of the departments of health, community-based services, marketing and production, administration, education, natural resources, finance, and trade, commercial, and tourist (Kabale District Local Government Profile, 2020). All of these divisions are in charge of providing services and ensuring efficient use of resources, both those granted by the central government and those derived from produced income. However, the Kabale district's financial performance is becoming a problem. The Kabale district local government's financial situation is a nightmare, according to Albino, et al (2019). According to Curraj (2018), the majority of the responsibilities handled by several departments have problems with financial reporting, which has reduced their financial value. Kabale district local government's ranking for financial performance has been impacted by this. Financial reporting has been a concern for the Kabale district local government, according to the Auditor General's Report (2021). When assigning accountabilities, almost every department encounter difficulty. There is never any value for the money in anything they do. This could be ascribed to new processes that the local government has

implemented in an effort to enhance financial reporting, accountability, and value for money for all stakeholders. Therefore, the purpose of this study was to determine whether financial performance was impacted by digital technologies and to develop suggestions for improving financial performance in Kabale District.

1.3. Statement of the Problem

Kabale District's financial performance continues to be a major concern. All parties concerned, including legislators, residents, employees of the government, and many more, are interested in knowing how tax dollars are being used. The district has attempted to provide financial reporting training to all departments' accountants, but little of it has been successful. The local administration of Kabale District has made an effort to address this by putting in place integrated financial management systems to help with concerns with financial responsibility, but things are only getting worse. The reason for the district's poor financial performance should be looked into by all departments, according to the Council meeting minute number 20 of 2019. In order to address difficulties with financial performance, the district executive committee (2019) decided to choose finance members to participate in additional capacity-building programmes. However, little has been accomplished. In Kabale District, little has changed despite the district council's efforts to increase financial performance in several local governments. According to the Auditor General's report for 2020–2021, just 21% of the total sum supplied to the district was accounted for, leaving the remaining 40% unaccounted, which had an impact on financial performance. This may be attributed to problems with insufficient knowledge and abilities to use integrated financial management systems, programme-based budgeting systems, and integrated personnel and payroll systems, which have resulted in sub-par accountability, scant financial reporting, and limited value for money. If the scenario persists, Kabale district will be behind in terms of financial performance, which would have an impact on its budget and lead to sub-par service. Both the district's ranking and the amount of money received from the central government will be impacted by this.

1.4. General objectives of the study

The general objective of the study was to establish the relationship between digital technologies and the financial performance of the Kabale District local government.

1.4.1. Specific objectives of the study

- 1) To examine the effect of integrated financial management systems on financial performance at Kabale District local government;
- 2) To establish the effect of programme-based budgeting system on financial performance at Kabale District local government;
- 3) To assess the effect of integrated personnel and payroll system on financial performance at Kabale District local government.

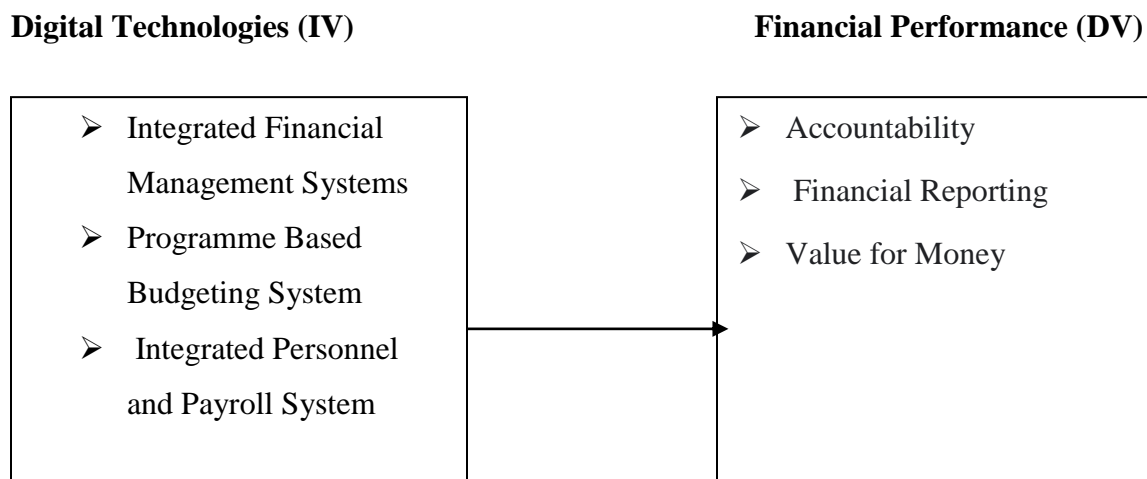
1.5. Hypotheses of the study

- 1) Integrated financial management systems positively affect financial performance of local governments.
- 2) Programme-based budgeting system has a positive significance on financial performance at Kabale District local government.
- 3) Integrated personnel and payroll system have a positive significance on financial performance at Kabale District local government.

1.6. Conceptual Framework

Figure 1 below shows the conceptual framework on the effect of digital technologies and financial performance in local government

Figure 1: Conceptual Framework



Source: Ying-, et al, (2017) Modified by the Researcher 2022.

Digital Technologies was an independent variable conceptualized by Integrated Financial Management Systems, Programme-Based Budgeting System and Integrated Personnel and Payroll System. Financial performance was conceptualized by accountability, financial reporting and value for money.

1.7. Significance of the Study.

- a) This study would generate more knowledge on the effect of digital technologies and financial performance in Kabale District.
- b) This would also stimulate debate on a policy change by the government on the usage of digital technologies on financial performance.
- c) It would provide essential information on accountability to improve financial performance in Kabale District.
- d) It would also generate information for other scholars who would wish to study issues related to digital technologies and financial performance in local government

1.8. Justification of the study

While there is a growing desire for digital technology to achieve greater financial performance in local governments, the latter is actually shrinking (Alcaide et al, 2020). This inspires research on digital technologies that could enhance Kabale District's financial performance.

1.9. Scope of the Study

1.9.1. Content Scope

This study was limited to the effect of digital technologies and financial performance on a case study of Kabale District, Uganda. Digital technologies were the independent variable and financial performance was the dependent variable.

1.9.2. Geographical Scope

The study was restricted to the local government of the Kabale District which is located southwest of the Republic of Uganda. Its coordinates are 00° and 00° South latitude and 29° 45' to 30° 15' East longitude. In addition to the Republic of Rwanda to the south, it shares boundaries with the districts of Rukiga, Rubanda, and the West. Approximately 575 square

kilometers make up the Kabale district (222sq.mi). Between Kampala and Kabale, there are 337 kilometres (209 miles).

1.9.3. Time scope

The four-year period from 2017 to 2020 was the study's primary time frame. This time frame was chosen since the Kabale District's financial performance experienced considerable deterioration throughout this time.

1.10. Operational definitions of key concepts

- a) ***Digital technologies*** mean electronic tools, systems, devices and resources that generate, store or process data.
- b) ***Integrated Financial Management Systems*** mean an IT-based budgeting and accounting system that manages spending, payment processing, budgeting and reporting for governments and other entities.
- c) ***Programme Based Budgeting System*** means a budgeting tool where all budgetary information is organized around the City's programs and services. The budget shows the costs of the programme, revenues that the programme generates, as well as show a way to evaluate the programmes.
- d) ***Integrated Personnel and Payroll System*** means a computerized Human Resource Management Information System that is being implemented in Ministries, Departments, Agencies and Local Governments (MDAs & LGs) to perform various human resource functions.
- e) ***Financial performance*** means a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. The term is also used as a general measure of a firm's overall financial health over a given period.
- f) ***Accountability*** means the acceptance of responsibility for one's actions. It implies a willingness to be transparent, allowing others to observe and evaluate one's performance.
- g) ***Financial Reporting*** means standard practices to give stakeholders an accurate depiction of a company's finances, including their revenues, expenses, profits, capital, and cash flow, as formal records that provide in-depth insights into financial information.

h) *Value for Money* means a utility derived from every purchase or every sum of money spent. Value for money is based not only on the minimum purchase price (economy) but also on the maximum efficiency and effectiveness of the purchase. It must also support the value of equity.

CHAPTER TWO

LITERATURE REVIEW

2.1. Introduction

This chapter includes research on the particular variables mentioned in the conceptual framework and study objectives. Based on the study's objectives, which were the effect of integrated financial management systems, programme-based budgeting systems, and integrated personnel and payroll systems on the financial performance of local governments, an analytical assessment of the literature was conducted.

2.1.1. The systems Theory

The systems theory put forward by Ludwig von Bertalanffy in the 1940s served as the foundation for this investigation. According to the theory, a complex system is composed of numerous smaller systems, and it is the interactions between these smaller systems that give rise to the larger, recognized complex system. According to Galy and Saucedo (2014), for the entire system or plan to function, several components or sub-systems must work together (Hanna, 2017). Systems theory aids managers to view organizations more widely, and the idea of consensus management and decision-making in local government organizations depends on a systems approach. Designing the organizational structure (decentralization), designing the control systems (budget evaluation style), and choosing the managers are three crucial administrative strategies that an organization can employ to deal with unpredictability in the environment (Hanna, 2017). The theory's strength is that it examines an event as a whole rather than just the accumulation of its component elements. Understanding an entity's organization, operation, and results centres on the interactions and relationships between its pieces. The application of social systems theory in social work has the limitation that occasionally psychological approaches are required for treatment. For instance, a person with serious mental illness may require customized psychotherapy counseling and possibly medication. Due to its power, this study is based on systems theory. This is done by systematically highlighting the measurements made in the variables, particularly digital technologies, which are independent variables on integrated financial management systems, programme-based budgeting systems, and

integrated personnel and payroll systems regarding financial performance, which is viewed as the accountability. Value for money and reporting. The notion is pertinent to the investigation into how local government finances are affected by digital technology.

2.1.2. Institutional Theory

The institutional theory was introduced in the late 1970s by John Meyer and Brian Rowan as a means to explore further how organizations fit with, are related to and were shaped by their societal, state, national, and global environments. According to Hanna, et al. (2016), systems and developed cultural practices get easily adapted or imposed by individuals and organizations. Institutional environment and cultural practices strongly influence the development of formal structures in an organization. Innovative structures that improve technical efficiency from time to time in the organizations are eventually legitimized in the environment. Ultimately, over time, innovations reach a level of legitimization where failure to adopt them would be an act of irrationality and negligence (Hannibal, et al., 2018). These forming trends compel new and existing organizations to adopt the structural form even if the form does not improve efficiency.

2.2. Effect of integrated financial management systems on financial performance in local government

The Integrated Financial Management System (IFMS) application provides quick, accurate, dependable, and verifiable information that speeds up the decision-making process; therefore, understanding the IFMS and financial performance is crucial (Abdel-Basset, et al., 2021). Furthermore, he argues that it offers sophisticated financial reporting and decision-making processes for assessing the benefits and weaknesses of operational and strategic service delivery techniques. The ability of an entity to schedule and forecast is improved by the implementation of IFMS. Administrators can then create achievable performance goals and allocate funds in an efficient manner.

When employing IFMS solutions, an entity has the potential to improve the efficiency of its financial operations and reporting processes. These systems solidify the safeguards an institution needs to prevent the misappropriation of funds as well as the mitigation strategies it should utilize to guard against both anticipated and unforeseen threats. The control measures also offer the past performance data required to oversee the entity's present and future operations. Additionally, auditors use this earlier information to assess an entity's development (Abrell, et

al., 2016). An organization can integrate functional operations and financial resources using the framework provided by IFMS. This reduces duplication of effort and responsibility within the entity's chain of command, speeds up transaction processing, and transmits financial information. In order to save operating costs associated with running various operational units for the shared services, systems integration also gives greater power for centralizing shared services (Benitez, et al., 2018). According to Bianchi et al. (2017), the use of IFMS software improves local government's financial performance when providing services. In fact, the strategic value of information technology is crucial to improving citizen satisfaction as well as service delivery efficiency and effectiveness. It makes it possible for government agencies to react appropriately to adjustments in the target population.

An information system called the Integrated Financial Management System (IFMS) keeps track of financial occurrences and compiles financial data. In its most basic form, an IFMS is only an accounting system that has been set up to function in accordance with the requirements and guidelines of the environment in which it is placed (Bergdahl, & Nouri, 2021). The use of information and communications technology in financial operations to support management and budget decisions, fiduciary duties, and the creation of financial reports and statements is generally referred to as "IFMS". With the aid of an integrated system for the financial management of line ministries, spending agencies, and other government entities, public financial management (PFM) processes, including budget preparation and execution, accounting, and reporting, are more specifically computerized in the context of government. An integrated financial management system (IFMS), according to Cao (2014), is an IT-based accounting and budgeting system that controls expenditures, the processing of payments, budgeting, and reporting for governments and other institutions. An IFMS is a software package that combines a number of crucial financial management operations. The terms integrated financial management system and integrated financial management information system are interchangeable (IFMIS). Governments all around the world have changed how they are run fundamentally in the past 30 years (Büyüközkan, & Göçer, 2018). The core of this modernization approach has been public service financial reporting. The degree of convergence is startling despite various administrative cultures, political environments, and priorities (Caro et al., 2018). This convergence is due to the new public management, a common governing concept that has been the foundation of much recent reporting (NPM). According to Dahlbom (2020), under many names, NPM has shaped the

agenda for market-based transformation in numerous nations around the world. Citizenship Charter was the name given to them under John Major, while National Performance Review was the name given to the reporting in the US (Dalenogare, et al. 2018). Other names for them included Public Sector Reporting by the Common Wealth Secretariat and Civil Service Reporting by the World Bank. All of these designations and evaluation criteria adhered to the New Public Management philosophy.

2.2.1. Integrated Financial Management Systems and accountability

The advantages of IFMIS could be seen as philosophical in terms of promoting responsibility in local governments, according to Bharadwaj et al. (2017). First, quicker and easier access to trustworthy financial data is made possible by the better recording and processing of government financial activities. Second, IFMIS improves financial controls by enabling an accurate and continuous view of obligations and spending for accountability. Nambisan and others (2017) explain that once a commitment is made, the system should be able to track all of the transaction processing steps, including budget releases, commitments to buy things, requests for payments, bank statement reconciliations, and accounting for expenditures.

According to Dener and Young (2013), IFMS is crucial for ensuring that governments release meaningful data that gives the public a complete view of their financial operations as well as publishing budget statistics on websites. According to Hendricks (2012), IFMIS helps management ensure accountability for the deployment and use of public resources and enhance the effectiveness and efficiency of programmes involving public spending. Management can exercise better control over expenditures and increase transparency and accountability throughout the budget cycle by tracking financial events through an automated financial system.

2.2.2. Integrated financial management systems and financial reporting

Financial reports summarize the outcomes of financial transactions and events for an organization in terms of its financial condition and performance in the past (Yoo, et al 2014). Financial reports aim to enhance budget compliance, and this is accomplished through the effective application of IFMS, according to Simson et al. (2016). They offer a way for internal or external actors to evaluate the effectiveness of the government. Fitzgerald, et al. (2016) pointed out that IFMS supports financial reports that assert that in order to substantially further its goals,

financial reports must be timely, accurate, and authentic. The financial reports must be appropriate for the intended purpose. While it is best to avoid providing irrelevant or undesirable information, it is also necessary to communicate material facts (Thurakam, 2017). Rupanagunta (2016) claims that transaction data gathered in the appropriate formats, properly categorized, and presented in straightforward, user-friendly formats can be used as effective decision support systems. For example, identifying the precise task carried out or service provided and the nature of the spending incurred by the government can be utilized to comprehend the genuine cost of service delivery.

According to Simson et al. (2015), financial reporting requires that data from the IFMS be extracted and presented in ways that make analysis easy. Governments generate a variety of reports for both internal and external use. Daily reports on hard cash flows, monthly reports on the implementation of financial plans, revenue reports, mid-year reports, and annual financial statements or fiscal reports are examples of typical reports. For annual fiscal reporting, there are basic standards that are acknowledged internationally. The auditor general's evaluation of the performance of the government is based on these reports.

2.2.3. Integrated Financial Management Systems and value for Money

Value for money is described as a benefit obtained from each and every purchase or amount of money spent (Hess, et al. 2016). Value for money is based on the highest efficiency and effectiveness of the purchase in addition to the minimal purchase price (economy). What is not recorded in the IFMS is not regarded as a good for money.

The Local Government Audit Service (LGAS) Value for Money (VFM) Unit conducts VFM studies and produces reports on local authority operations. To identify best practices and recommend ways to improve current procedures, practices, and systems, there must be IFMS, which will promote efficiency and cost-effectiveness. The usage of IFMS is required to obtain best value for money, which is the advantageous combination of cost, quality, and sustainability to meet client expectations. Cost in this context refers to taking into account total cost of ownership. Quality refers to meeting a specification that is adequate to satisfy the needs of the client and suitable for the intended use.

H1: Integrated financial management systems positively affect financial performance of local governments

2.3. Effect of programme-based budgeting system on financial performance in local government.

A performance-based budgeting approach bases budget creation on the relationship between programme funding levels and anticipated outcomes (Dapp, et al., 2019). Programme managers can utilize a performance-based budgeting method as a tool to manage more cost-effective and efficient budgetary expenditures, which will improve local government's financial performance (Davicik, et al., 2021).

Budgets created using a performance-based approach are based on the correlation between programme funding levels and expected results (Dapp, et al., 2019). Programme managers can use performance-based budgeting as a tool to manage more economical and effective budgetary expenditures, which will enhance the financial performance of local government (Davicik, et al., 2021). The term "programme-based budgeting" refers to a budget that is based on programmes that group spending with a common goal, which for most programmes refers to the result that the programme is intended to produce. It bases budget allocations on performance standards (Faulds, et al., 2018). According to Fauville (2017), several reform programmes that the Kenyan government has been implementing since the year 2000 in an effort to achieve efficiency and effectiveness in the delivery of public goods and services were continued with the introduction of programme-based budgeting in the civil service in 2007.

To ensure the fundamental, long-term goal of efficiency and effectiveness in public spending, Treasury Circular Number 17/2009 on Budget Preparation emphasized the significance of changing the budget process to comply with Programme Based Budgeting (PBB) (Gikonyo, 2013). Ministries and Departments were obligated under the Fiscal Management Act of 2009 to provide outputs and outcomes that they would ultimately defend before the departmental committees of parliament.

Treasury Circular Number 6/2009 underlined that no submissions will be accepted by the Treasury without the Programme-Based Budget since the National Assembly's new standing procedures need a budgetary policy statement that is consistent with PBB. According to the new standing orders, the accounting officers will have to adhere strictly to these new regulations

when defending their budget proposals before the departmental committees and the Parliamentary Budget Committee (Kiringai & West, 2012). Treasury Circular No. 17/2009 explains the significance of budgetary reforms as promoting growth and employment, lowering poverty, boosting food security, and safeguarding the welfare of the most vulnerable and underprivileged segments of society (KDS, 2010). The emphasis was on upholding a stable macroeconomic environment, fostering an environment that is favourable to business, developing crucial infrastructure facilities and public works across the nation to promote growth, create jobs, and alleviate poverty, fostering equitable regional and social development for stability, managing the environment and ensuring food security, and improving governance, transparency, and accountability in the provision of public goods and services (Galati, &Bigliardi, 2019).

2.3.1. Programme-Based Budgeting System and accountability

Accountability in local government is increased by a program-based budgeting approach. An approved budget's figures are related to the managers in the responsibility of ensuring that it is met. If a later budget-to-actual comparison is unfavourable, the performance of the individual to whom that budget line item was assigned is negatively impacted. According to theory, a manager who performs poorly on their budget should receive a negative performance assessment. A budget is unlikely to be met without budgetary accountability because no one is in control of it. Supervisors will likely ignore the document instead. In order to provide real accountability, Westerman & Bonnet (2015) advocate performance-based budgeting, which is the process of creating budgets based on the correlation between programme spending levels and anticipated results. Programme administrators can utilize a performance-based budgeting approach as a tool to manage more cost-effective and productive budgetary outlays. According to Melrose, et al. (2021), budgeting is crucial to successfully and efficiently managing operations in the current environment, where managing finances is more crucial than ever for both public and private enterprises. Even the smallest economic unit, the home, is familiar with the process of budgeting, but it must be separated into two categories: budgeting for public entities and private businesses.

2.3.2. Programme-Based Budgeting System and Financial Reporting

Budgetary control is the term used in finance to describe controlling income and expenses (Kohli, & Grover, 2018). It entails routinely comparing actual income and expenses to budgeted

amounts to determine whether remedial action is necessary. This suggests that a programme-based budgeting method aids local government managers in producing Financial Reports of high quality and efficiency (Abbasi, & Vassilopoulou, 2017). For instance, annual funds for general equipment are allocated to the majority of university departments. A department will be able to determine if a certain item can be afforded by routinely comparing actual spending on this budget against projected spending. A department will need to find an other source of funding if the account is in deficit (e.g. departmental reserves or charging to a research grant or contract). Budgetary control is the process of observing expenditures and taking appropriate action.

According to Abdel-Basset et al. (2021), developing a budget aids local government in forecasting revenue and expenses and identifying potential cash flow issues when they present a financial report. A proactive manager might utilize a budget as a roadmap for performance that gives specific information about the anticipated results in order to direct decisions in the direction of desired goals. In order for businesses to identify possible possibilities and challenges and take prompt action, a budget should also be revised on a monthly or quarterly basis. According to Ahl et al. (2019), a programme-based budgeting method aids local government in establishing financial stability. A budget makes it simpler to pay bills on time, accumulate an emergency fund, and save for significant costs like a car or home by keeping track of spending and sticking to a plan. In general, a budget gives a person a more secure financial foundation for both the now and the future.

2.3.3. Programme Based Budgeting System and value for Money

The majority of businesses and organizations have a number of expenses they must regularly pay on a daily, weekly, monthly, quarterly, or yearly basis (Agarwal, 2020) to continue running the business. Systems of programme-based budgeting are essential to delivering value for money. Additionally, they guarantee payment of these costs so the business will not accrue any long-term debts.

H2. Programme-based budgeting system has a positive significance on financial performance at Kabale District local government.

2.4. Effect of integrated personnel and payroll system on financial performance in local government.

The Integrated Payroll and Personnel Information System (IPPIS) is a government-initiated computerized Human Resource and accounting Management Information System project that uses information and communications technology (ICT) to increase the effectiveness and efficiency of payroll administration. (2017) Iansiti and Lakhani the researchers did not, however, explain how IPPIS would enhance local governments' financial performance which this study addressed.

Ignatow, Robinson, and others (2017) claim that IPPIS is a type of identity system management that aims to provide a central database to support personal planning and decision making, automated staff record storage to facilitate staff enrolment, monitoring against budgeting, and prevention of wastage and leakage based on factual personnel records and information. Iatsyshyn, et al. (2020) want IPPIS to record government workers' fingerprints and face images and keep them in a digital data-based library that can be accessed from any location with permission. IPPIS was a reform project designed to put the public service in a better position for increased production and efficiency.

However, Letswla and Egwemi (2013) stated that evidence of pervasive illegality and corruption dates back to ancient civilizations rather than modern times. According to Anwar (2006), local government was established by the federal government to bring the executive branch closer to the populace. Local government duties fall under the efficiency service initiative to eliminate bureaucratic red tape and administrative bottlenecks in order to advance governance, efficiency, and service delivery (Iseol Orunkanmi, 2014). However, Yoijfigain (1996) and Derek, et al (2005) claim that Ilaeva's (2020) application of integrated personnel payroll and information system with the expository evidence being shown cased of its efficiency in curbing ghost workers syndrome will serve as an antidote to addressing this negative trend. Managing resourceful personnel through adequate reward system is necessary but ghost workers syndromes in recent time have threatened this objective. This research was conducted against this background.

Since the restoration of civil rule in 1999, the Nigerian public service has undergone numerous reforms that have altered salary management, as lamented by Jang et al. in 2017. The adoption of

an electronic payment system, intended to replace the laborious, antiquated method that defined wage payment, was part of the most recent reform of salary administration. The local government introduced the Integrated Payroll and Personnel Information System (IPPIS) to efficiently and effectively meet the needs of public employees and block leaks and corruption in the public service through the payroll system, according to Kahn et al. (2018). However, the introduction and implementation of IPPIS were met with some slight resistance from a few segments of the federal government Ministry, Department, and Office. IPPIS was introduced in 2006, and it was then put into use in 2007. Its primary goals were to pay federal employees on time and accurately, to have a centralized payroll system that satisfies those needs, and to assist the government in planning and managing payroll budget by ensuring proper control of personnel costs. However, there have been many inconsistencies since then (Kale, et al., 2019). The country cannot handle the consequences of low morale among federal employees as a result of irregular salary payment, which is capable of demotivating workers from achieving optimal performance, so the need to develop and inspire the human resources area has become crucial in an era of declining oil prices on the global market (Kalkan, 2014).

2.4.1. Integrated personnel and payroll system and accountability

According to Agarwal et al. (2020), the local government lacked precise and trustworthy information on civil service employees for a considerable amount of time, which would have aided in establishing accountability. This led to improper planning for ongoing expenses as well as other difficulties. The government introduced the Integrated Personnel and Payroll Information System (IPPIS), which would be implemented in phases with the goal of establishing accountability, according to Kohli & Grover (2018). The National Strategy for Public Service Reform (NSPSR), which will address issues of providing accountability among public servants, was developed in 2003 as a result of a Public Service Reform (PSR) study that the government conducted in 1999 following the restoration of democracy in the nation (Hess, 2003).

The four pillars of NSPSR, or the four cardinal programmes, were to be used to carry out the plan. Implementing public financial management reform was the goal of pillar three in order to "achieve strategic, efficient and effective mobilization, allocation and use of public resources, fiscal discipline, transparency, integrity and accountability through timely reporting" (Kale, et al,

2019). The Integrated Personnel and Payroll Information System (IPPIS) and the Government Integrated Financial Management Information System (GIFFMIS) were developed in order to achieve this pillar. These digital-based programmes focus on government Human Resources (HR) and Payroll difficulties as well as Public Financial Management (PFM). IPPIS is a type of identity system management that aims to offer a central database to support personal planning and decision-making, automated staff record storage to facilitate staff enrolment, budget monitoring, and the prevention of wastages and leakages based on factual personnel records and information. The Government Economic Reform and Governance Project (ERGP), whose component the Government Integrated Financial Management Information System (GIFMIS) is, includes the IPPIS as a vital component (Vial, 2019). By automating the government's payroll and accounting systems, IPPIS offers an integrated computerized financial package that improves financial reports for the efficiency and openness of public resource management.

2.4.2. Integrated personnel and payroll system Financial Reporting

IPPIS is generally one of the offshoots of the civil service reform programme aimed at ensuring financial reporting to enhance transparency and accountability in the local governments by computerizing the manual Payroll System. One of the biggest problems associated with the manual Payroll System was that government did not know the size of its workforce and providing financial reports was an issue of concern. Thus, some mischievous workers were collecting salaries from multiple pay points, for fictitious employees and of course workers collecting salaries when they are employed somewhere or not working with the government. IPPIS is often one of the byproducts of the civil service reform initiative that aims to provide financial reporting to increase transparency and accountability in local governments by computerizing the manual Payroll System. The fact that the government did not know the number of its personnel and that giving financial reports was problematic was one of the major issues with the manual payroll system. As a result, some dishonest employees were collecting wages from various pay points, for bogus employees, and, of course, personnel earning payments when they were employed somewhere else or were not working for the government.

As a result, it is difficult to determine the precise number of employees in MDAs who are paid by local governments because the necessary and required information is not readily available. As

a result, the government now finds it challenging to obtain reliable wage data for planning and budgeting.

According to Fitzgerald et al. (2016), IPPIS was created in 2007 with the intention of managing five key tasks: managing local government staff records; timely and accurate payment of salaries and wages to local government employees; deducting taxes and other third-party dues; remitting payroll deductions to third parties; and enrolling employees into the IPPIS data base.

2.4.3. Integrated personnel and payroll system and Value for Money

According to Babenko et al. (2019), the integrated personnel and payroll system has significantly contributed to improving value for money across several ministries and agencies. Keeping an employee's complete service history and personal data in an electronic employee master record. IPPS is a one-stop shop for information on human resources; Processes for managing salaries, pensions, and gratuities are automated, and controls are used more effectively; enhanced establishment management and wage performance monitoring; Fast responsiveness to customer requests is made possible by real-time access to human resource information about employees, staffing, salary and pension payment processing; entry and updating of payroll and human resource data at the source (MDA/LG level), which encourages data ownership and improves responsibility; and access to and retrieval of public officials' and retirees' electronic records from the Electronic Management System (EDMS) at the voting level;

Services provided to improve value for money, Verhoef et al. Additionally, an integrated payroll and personnel system has accomplished the following: payments for public officers, pensioners, and survivors are managed and processed on a decentralized basis. Establishment management for the Ministries, Departments, Agencies, and Local Governments' recognized structures, Employee information management, which keeps track of an officer's master data during the course of their career; Decision makers may easily access personnel records and postal correspondence thanks to the Electronic Document Management System (EDMS), a crucial component of the IPPS that supports records management business activities. It makes it easier to store, access, and use electronic records for public officials and retirees. Payroll cleansing is accomplished by validating public officials' biometric data and comparing it to the National ID database. Additionally, functional and technical support is provided to IPPS users on-site, at the help desk, and in regional support centres.

H3. Integrated personnel and payroll system have a positive significance on financial performance at Kabale District local government

2.5. Financial performance

How well a local government generates value for its members' deposits and share capital is determined by its financial performance (Aguilera, & Crespi-Cladera, 2016). Local governments' financial performance can be assessed using a variety of financial metrics, including capital sufficiency, asset value, and management capacity. earnings, liquidity, sensitivity, return on equity, earnings per share, and net income. Management of local governments should enhance their financial performance through the use of the best strategies and possibilities, proper financial planning, careful staff selection, technological change adaptation, and increased competitiveness (Aguilera, & Haxhi, 2019).

According to Ahmed and Uddin (2018), financial performance is a crucial component of local government finance risk management and measures the extent to which financial goals are being or have been achieved. It is the process of calculating the monetary value of the outcomes of a firm's policies and operations. It is used to assess a company's overall financial health over a certain period of time and may also be compared to other enterprises in the same industry or aggregated across industries or sectors.

2.6. Summary and gap identified

This chapter compared the study to other studies that had been done in related fields in the past. Most earlier research shows that digital technologies have an impact on local government's financial performance. A specific assessment of the literature measured digital technologies as integrated payroll and people management systems, programme-based budgeting systems, and integrated financial management systems. Despite the fact that certain research hints at it, financial performance still has a monotonous impact. These studies primarily focus on digital technologies, placing little or no emphasis on integrated financial management systems, programme-based budgeting systems, or integrated personnel and payroll systems, which were determined to be the gaps that would inform this study. An empirical study on the relationship between digital technologies and financial performance was thus conducted in an effort to close the gaps. It collected data on integrated financial management systems, programme-based budgeting systems, and integrated personnel and payroll systems.

CHAPTER THREE

METHODOLOGY

3.1. Introduction

This section presents the methodology that was used in the study. It covers a description of the research design, target population, sampling design, data collection procedures, data collection tools, validity and reliability of the research instruments and data analysis methods as well as limitations of the study and ethical considerations.

3.2. Research Design

In this study, a cross-sectional survey and correlation designs were used. A cross-sectional survey offers a one-time chance for in-depth research into the particulars of the data gathered (Abioro, 2018). The target sample's perspectives, preferences, habits, worries, attitudes, and opinions are taken into account in the study, which extrapolates the findings to the entire population (Afkar, 2017). For this study, a cross-sectional survey was appropriate since it took into account factors like cost-effective design, quick data collecting, and the capacity to understand a population from a tiny portion of it (Kothari (2004). As a mixed method, a cross-sectional survey design was and correlation design used. By combining qualitative and quantitative techniques, bias that would otherwise result from using only one technique was neutralized (Amin, 2005).

3.3. Study Population

The population is the number or body of inhabitants in a place belonging to a specific social, cultural, socioeconomic, ethical or racial subgroup (Creswell, 2017). Sample size simply refers to the part of the population which is deliberately selected to investigate the properties of the parent. The term "population" refers to the total collection of individuals, occasions, or interesting items that the researcher wants to study (Afkar, 2017). Additionally, Ruwa (2016) makes the case that results are typically more accurate when there is a greater sample size. However, he also asserts that if every component of a population is the same, then choosing an even smaller population will yield accurate results because the community under investigation is

homogeneous. Consequently, it is suggested that a small sample would produce a pretty good approximation during the research process given similarity in respect to the characteristics of the studied region.

Based on its accessibility and familiarity with the subject of the study, the study population was selected. In particular, 158 respondents were used, including 25 administrators, 33 employees of the financial department, 10 from the human resources department, 30 politicians, and 60 from the local community. Thus, the focus of this inquiry was Kabale District.

3.4. Sample size determination

According to Schouten and Moriarty (2013), a sample is a compendium of a few constituents of a population. An individual sample participant is referred to as a subject. The term "population" refers to the total population; occasions or objects of interest that the researcher desires to study; (Mugambi, 2016). As a result, the study was carried out in the Kabale District. A sample is a subset of the population whose findings are representative of the whole. A sample size of 139 individuals were chosen from the approximately 158 stakeholders that were included in the sample (as per the table from Krejcie and Morgan (1970) reported by Amin, 2005).

Table 1: Category of the study population, population sample size

Study population/ category	Total population	Sample size to be selected	Sampling technique
Administrators	25	24	Purposive
Finance department	33	25	Purposive
Human Resource department	10	10	Purposive
Politicians	30	28	Purposive
Community members	60	52	Simple random sampling
Total	158	139	

Source: Kabale District

3.5. Sampling techniques and procedure

A sampling approach, according to Okungu (2018), is the process by which the researcher chooses representative components or individuals from the population. Techniques for selecting samples from the population are called sampling methods. Sampling enables a more thorough examination of the population's items, and it is also quicker, less expensive, and less labour-intensive to gather data from a sample than from the entire population (Okungu, 2018). The researcher employed both probability and non-probability sampling. This was thus because different things, people, and objects had different possibilities of being in the sample. These sampling techniques were used by the researcher to reduce bias in the study and high sampling error.

3.5.1. Non-Probability sampling

Biased sampling or non-random sample methods are referred to as non-probability sampling, according to Naiga (2015). These techniques include snowball sampling, inadvertent sampling, quota sampling, and purposeful sampling.

3.5.2. Purposive sampling

Purposive sampling, according to Naiga (2015), entails non-random selection of the sample based on the researcher's judgement and understanding of the population. This approach was chosen by the researcher because it allowed participants to be chosen based on their use of digital technology and their financial success at the local Kabale District administration. This sampling strategy was also taken into consideration by the researcher since it was cost-effective because just a small portion of the population with relevant information of the study area was sampled. Using this method, the researcher chose 10 administrators from human resource management and 25 administrators from the finance department. This approach is appropriate for the study because it allowed for the collection of precise data and information from respondents who were deemed to be more informed and adept at the subject.

3.5.3. Probability sampling.

As said by Naiga (2015). purposeful sampling technique is the sampling technique known as probability sampling makes use of some sort of random selection (Creswell, 2017). Simple random sampling, systematic sampling, stratified random sampling, cluster sampling, and

multistage sampling are all examples of probability sampling techniques. To ensure that each respondent had an equal chance of being chosen, the researcher used simple random sampling.

3.6. Data collection methods

According to Naija (2015), data collection refers to the general approaches or a schedule of tasks that must be followed when acquiring information. The researcher employed questionnaires, interviews, observation, and document analysis to gather information on how digital technology affected the local government of Kabale District's financial performance. These techniques were employed to guarantee the collection of pertinent data for the study area.

3.6.1. Questionnaire survey

According to Neil (2017), a questionnaire is a research tool that collects data from a sizable sample. Questionnaires are offered to support this type of data collecting. The example questions were given to 52 community members in Kabale District—25 from the finance department and 10 from the Humana resource department. This included both open-ended and closed-ended questions to make it easier to gather data in a particular area.

3.6.2. Interviews

Person-to-person verbal contact called an interview involves asking another person or group of people questions in an effort to elicit information or opinions (Neil, 2003). The researcher directed the flow of the questions he asked the respondents during face-to-face, unstructured interviews. The approach was focused on direct interaction, in which the researcher asked and answered questions from the respondents. 28 MPs and 24 district administrators were given this method to use.

3.6.3. Documentary review

The process of studying or evaluating documents, whether they are printed or electronic (computer-based or delivered over the Internet), is known as document analysis. Document analysis calls for data to be studied and interpreted in order to elicit meaning, gain insight, and create empirical knowledge, just like other analytical approaches used in qualitative research (Harvey, & Reed, 2017). There are many different types of documents that employed in this study's systematic evaluation.

3.7. Data collection instruments (tools)

3.7.1. Questionnaire

A questionnaire is a professionally crafted tool with statements and questions for gathering information directly from individuals (Mugenda and Mugenda, 2003). It is a crucial research tool that quickly and accurately collects data from a wide sample of respondents. To guarantee a sufficient response rate for the study, a closed-ended questionnaire with sections covering demographic (background) information and study variables was created and sent to respondents. It was based on a five-category continuum of agreeing, disagreeing, being undecided, and strongly disagreeing (SD). The Likert scale can be created more readily than most other forms of attitude measures and is quite adaptable (Amin, 2005). It lets the test taker to choose the response that most accurately captures how he or he felt about each statement. All of the responses are averaged and weighed from 1 to 5 (Sekaran, 2003; Amin 2005). The questionnaire was used to gather information from 105 people.

3.7.2. Interview guide

An interview guide is a list of subjects and/or questions that are addressed throughout the interview (Howsam, 2018). To make the interview method of data collecting easier, an interview guide was employed. When the researcher conducts interviews, this was included the format of the questions that guided the study (**Appendix B**).

3.7.3. Documentation review checklist

Performing a systematic study or evaluation of both printed and electronic (computer-based and Internet transmitted) materials is known as document analysis (Kothari, 2014). Document analysis calls for data to be studied and interpreted in order to elicit meaning, gain insight, and create empirical knowledge, just like other analytical approaches used in qualitative research (Kululanga, & Kuotcha, 2016).

3.8. Validity and reliability of research instruments

The ideas of validity and reliability determine whether the use of any instrument for research purposes is acceptable. The suitability of the instrument is referred to as validity. It is the instrument's capacity to produce accurate results and to measure the things that it is intended to

measure. The consistency of the instrument in measuring whatever it is designed to measure is referred to as reliability (Amin, 2005).

3.8.1. Validity of the research instrument

The degree to which outcomes from data analysis accurately reflect the phenomenon being studied is known as validity. The researcher created the study tools, discussed them with the Kabale University supervisors, and pre-tested them on chosen respondents in the Kabale District who shared the same features. By pre-testing the research tool, flaws like confusing or ambiguous questions, questions with too little room for answers, questions that are crowded, and incorrect numbering can be found and fixed (Kothari 2014). The researcher sought advice from the two supervisors at Kabale University, asked four judges to score the items for each instrument, and then calculated the content validity index (CVI) by adding the percentage of valid items from each judge divided by the total number of items.

Thus, $CVI = \frac{\text{Number of items rated relevant by expert}}{\text{Total number of items in the instrument}}$

Summary of the reliability statistics

Judge 1. = 125/139=0.899

Judge 2. =115/139= 0.827

Judge 3. = 119/135= 0.856

Judge 4. = 124/130=0.892

Therefore $0.899+0.827+0.856+0.892=3.474$. $3.474/4=0.869$

These results implied that research instruments were valid to be used for the data collection on the digital technologies on financial performance in local government in Uganda in the case of Kabale district local government. Amin (2005) said that for instruments to be accepted as valid, the average content validity index (CVI) no. of items declared valid divided by the total No. of items = at least 0.7. Since the CVI value was above 90%, then the instruments were valid, (Amin, 2005).

3.8.2. Reliability of research instruments

The degree to which an instrument consistently measures whatever it is intended to measure is known as its reliability (Amin, 2005). A survey instrument's reliability is determined by the Cronbach alpha (Cronbach, 1951) reliability coefficient, which is used to quantify the internal consistency or average correlation of its items. The created scale is more dependable the higher the score. For instance, Schrepp (2020) contends that a reliability coefficient of 0.7 alpha is adequate. By using the same instruments on the same respondents three times in this study to verify if the results were consistent, the researcher assured reliability. The researcher carried out a pilot study on the effects of digital technology on the local government of Kabale District's financial performance.

The scores found at 0.7 and above alpha values indicated good credits hence better for use (Amin, 2005)

Table 2: The Demission of the Independent Variables

Variable	Reliability statistics
Integrated Financial Management Systems	0.890
Programme Based Budgeting System	0.904
Integrated Personnel and Payroll System	0.941
Financial performance	0.866
Total	3.601
Average	3.601/4=0.900

Source: Field data 2023.

Cronbach's Alpha was 0.900. a reliability coefficient (alpha) of 0.7 range is considered acceptable and those above 0.9 are considered good (Campbell & Walters, 2014). Therefore, the questionnaire had good reliability.

3.9. Procedure of data collection

After the proposal was successfully defended and approved, the researcher was given permission to share an authorization letter from the Faculty of Economics and Management Sciences to start fieldwork. The letter was taken to the Chief Administrative Office of Kabale District Local

Government for permission to collect data for the study. The researcher then created a pilot version of the tools, improved them later, prepared the tools, and headed out into the field to undertake the study. The researcher gathered information from respondents over a two-month period. To create a report, the data was evaluated and interpreted.

3.10. Data analysis

Schrepp asserts that (2020) is an appraisal of the data. It is the methodical application of logical and statistical approaches to describe, condense, and compare data.

3.10.1. Qualitative data analysis

The researcher organised all the collected qualitative data from the interviews with key informants and document analysis and thereafter, it was coded and analysed and key themes were generated to build an understanding of the phenomenon under study. This was done objective by objective.

3.10.2. Quantitative data analysis

Data from questionnaire was sorted, coded and entered in the computer using SPSS version 23. Both descriptive and inferential statistics were used in the quantitative data analysis. The initial step in the data analysis was to compute frequencies, which comprised means and percentages to determine how respondents felt about the impact of digital technology on the local government of Kabale District's financial performance. The Pearson's coefficient was used as the basis for the correlation technique for all three objectives, and significance was tested at 99% and 95% confidence levels, based on two-tailed correlations, and substantially more than or equal to 0.05. An inverse relationship between the two variables is shown by a negative correlation, whereas a positive correlation implies a direct positive association between the variables. The adjusted R² values and significance values of the regression analysis were used to estimate how much the independent factors influenced the dependent variable (Amin, 2005).

3.11. Measurement of variables

The nominal, ordinal, and interval scales were used to measure the study's variables. Information on variables that can be classified into two or more categories that are equally exclusive and mutually exclusive, such as categorizing gender and educational background, was gathered using a nominal scale. The interval scale was also employed by the researcher to gauge the

respondents' varied opinions and attitudes. Responses were evaluated using a 1 to 5 point Likert scale (1–Strongly agree, 2-Agree, 3-Not sure, 4-Disagree, and 5-Strongly disagree).

3.12. Ethical issues

In order to avoid lowering the standard of the research, the researcher made sure that all ethical concerns were taken into account. Prior to gathering data from respondents, the researcher obtained their informed consent. He also made sure that key informants were treated privately and worked to reduce instances of plagiarism by properly crediting authors.

3.13. Limitations of the study

The researcher encountered a bias in responses, particularly from respondents who were unconcerned about the association between digital technologies and financial performance in local government. The researcher and the research assistants received training on how to talk to respondents and establish a connection that led to a solution.

Due to the nature of the respondents' work schedules, the researcher foresaw a hurdle in being unable to meet with some of the respondents. The researcher made an effort to schedule meetings with this category of responders under such conditions.

Inadequate funding made it difficult for the researcher to pay for transportation, the printing of study instruments, and reaching all of the intended respondents. This issue was resolved by finding funding from sponsors. Time restrictions during data collecting presented a hurdle. This was resolved by hiring research assistants, who assisted the researcher in quickly collecting data.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF RESULTS

4.1. Introduction

The study's objective was to establish the connection between digital technology and the Kabale District local government's financial performance. This chapter gives findings in accordance with the study's objectives, which included examining the effect of integrated financial management systems on the local government of Kabale District's financial performance; to assess the effect of a programme-based budgeting system on the local government of Kabale District's financial performance; and to evaluate the effect of an integrated payroll and personnel system on that performance. The response rate and conclusions on the respondents' demographic characteristics are presented before the analysis and presentation of findings in accordance with the study's objectives

4.2. Socio-Demographic Characteristics of the Respondents

The results about the respondents' age, gender, level of education, and number of years in the workforce are presented in this section.

4.2.1. Age of respondents

Age-related categories were used to group respondents. The distribution of respondents by age is shown in the frequency table (Table 3).

Table 3: Age of respondents

		Frequency	Percent
Valid	18-30	25	17.9
	31-40	42	30.3
	41&above	72	51.8
	Total	139	100.0

Source: Field Data 2022

The majority of respondents (51.8%) were over the age of 41, followed by those between the ages of 31 and 40 (30.3%) and those between the ages of 18 and 30 (17.9%). This suggests that the majority of respondents were adults and could comprehend how digital technology affects local government finances in Kabale District.

4.2.2. Gender of respondents

Table 4: Showing gender of respondents

		Frequency	Percent
Valid	Female	62	44.6
	Male	77	55.6
	Total	139	100.0

Source: Field data 2022

According to Table 4 above, males made up the majority of responders with 55.6% compared to women's 44.6%. This suggests that both males and females worked for the Kabale District local government and were aware of how digital technology affects financial results. According to table 4 above, males made up the majority of responders with 55.6% compared to females 44.6%. This suggests that both males and females worked for Kabale District local government and are aware of how digital technology affects financial results.

4.2.3. Level of education

Respondents were categorized according to their level of education. The frequency table (table 5) was used to show the distribution of the respondents by level of education.

Table 5: Level of education

		Frequency	Percent
Valid	Diploma	40	28.8
	Degree	68	48.9
	Postgraduate	31	22.3
	Total	139	100.0

Source. Data from the field 2022

The majority of respondents, 48.9%, had earned a degree, followed by a diploma with 28.8% of respondents and a postgraduate degree with 22.3% of respondents. This shows that the study's participants had the education required to comprehend the questions and provide accurate answers

4.2.4. Period spent working with Kabale Municipality

Respondents were categorized according to the period spent working with Kabale District. The frequency table (Table 6) was used to show the distribution of the respondents by age.

Table 6: Years of respondents

		Frequency	Percent
Valid	1- 5 Years	21	14
	6-10Years	44	31.5
	11&above	76	54.5
	Total	86	100.0

Source: Field Data 2022

According to Table 6 above, the majority of respondents with 11 years or more of experience (54.5%), those with 6 to 10 years of experience (31.5%), and those with 1 to 5 years of experience (14%), all worked for Kabale district. This shows that everyone who responded to the survey had first-hand knowledge of how the Kabale district local government's financial performance was impacted by the use of digital technology.

4.3. Empirical results

The primary goal of this study was to examine how digital technology affected the local government of Kabale District's financial performance. In order to conceptualize digital technologies, integrated financial management systems, programme-based budgeting systems, integrated personnel and payroll systems, and relationships between independent and dependent variables were all taken into consideration. Accountability, financial transparency, and value for money served as metrics for measuring financial performance. According to the goals of the study, the analyses and results are given. This section presents descriptive statistics, correlations,

and regression based on questionnaire responses and qualitative insights from the conducted interviews as thematically examined.

4.3.1. Integrated financial management systems on financial performance

This first objective was aimed at examining the effect of integrated financial management systems on financial performance at Kabale District local government. The data to achieve this was obtained from the primary sources and secondary data. This was done using a five-scale questionnaire of strongly Agree (SA), Agree (A), Undecided (UD), Disagree (D) and Strongly Disagree (SD). A summary of the responses is presented in the table below.

Table 7: Analysis on the five statements that were subjected to the respondents

Key: Strongly Agree (SA) 5, (Agree (A) (4), Undecided (UD) 3, Disagree (D) 2 and Strongly Disagree (SD) 1

Response	Agree		Undecided		Disagree	
	F	%	F	%	F	%
Integrated financial management systems is vital in providing accountability	130	93.5	00	00	9	6.5
Data released by IFMS is relevant and gives the public a complete view of their financial activity by providing appropriate accountability	135	97.1	00	00	4	2.9
Financial reporting becomes easy with IFMS	139	100	00	00	00	00
IFMS provides value for money	139	100	00	00	00	00
IFMS facilitates internal controls	139	100	00	00	00	00

Source: Field data 2022

Table 7 above provides analysis of the five statements given to respondents to gauge the effect of integrated financial management systems on the local government of Kabale district's financial performance. When respondents were asked if integrated financial management systems were important for establishing accountability, 93.5% of them agreed with the statement, while only

6.5% disagreed. Respondents were once more asked if the information released by the IFMS was pertinent and provided the public with a complete picture of their financial activity by ensuring appropriate accountability. 97.1% of the respondents agreed with this statement, while 2.9% disagreed. When asked again about the statement that financial reporting was made simple by IFMS, 100% of respondents agreed. This showed that IFMS had simplified the task of financial accountability. Furthermore, respondents were asked if IFMS provided value for money, 100% of the respondents agreed with the statement. Finally, when asked if IFMS facilitated internal controls, all respondents agreed with the assertion. This shows that the Kabale District local government's financial performance had improved as a result of IFMS. In order to improve its financial performance, Kabale District Local Government should work harder to implement Integrated Financial Management Systems.

Given the kind of responses and the descriptive statistics presented above, it was clear that there was IFMS based on the fact that all respondents agreed with the assertions chosen to represent IFMS. Following the examination of quantitative data, qualitative analyses of qualitative data produced by key informant interviews were carried out. The qualitative findings on IFMS are shown below.

Response from One respondent:

“When employing IFMS solutions, an entity has the potential to improve the efficiency of its financial operations and reporting processes. These systems solidify the safeguards an institution needs to prevent the misappropriation of funds as well as the mitigation strategies it should utilize to guard against both anticipated and unforeseen threats. The control measures also offer the past performance data required to oversee the entity's present and future operations. Additionally, auditors use this earlier information to assess an entity's development. “

Response from a second respondent:

“A framework for combining financial resources and operational processes is provided by an entity's IFMS. By removing redundant tasks and duties throughout the chain of command for the entity, this also expedites the processing of transactions and the delivery of financial information. Increased leverage from systems integration allows for the centralization of shared services, which lowers the expenses of maintaining different operational units for the shared

services. Implementing IFMS software improves local government's ability to supply services financially. In fact, increasing citizen satisfaction and increasing efficiency and effectiveness in service delivery are both greatly aided by the strategic value of information technology. It enables the government agencies to react to changes in the accountability process”

The study confirmed that there was a relationship between quantitative and qualitative findings after doing a qualitative data analysis. The two data sets agreed, and it was obvious that qualitative data supported quantitative data.

Hypothesis testing

To be able to generalize the results from the population samples, the study put the putative hypotheses to the test. Statistical inference was used to accomplish this. In order to determine whether there was a relationship between the independent and dependent variables, its strength and direction, to create a relationship model, and to test the hypotheses, correlation and regression analyses were carried out. The Pearson's product moment correlation coefficient was therefore employed to calculate the strength of the association

Table 8: Correlation analysis for IFMS

		Financial performance	IFMS
Financial performance	Pearson Correlation	1	.862**
	Sig. (2-tailed)		.000
	N	139	139
IFMS	Pearson Correlation	.862**	1
	Sig. (2-tailed)	.000	
	N	139	139

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

Source: Primary Data 2022

It is evident from Table 8 that there is a positive significant correlation between IFMS and financial performance ($r = .862$, $p < 0.01$). This finding means that IFMS is associated with Financial Performance. In effect, this finding supports hypothesis 1.

Table 9: Showing the model summary of IFMS

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.862 ^a	.925	.924	.15216

a. Predictors: (Constant), IFMS

The coefficient of determination .862 suggests that IFMS has an effect on financial performance. Consequently, there is a significant positive significance. This implies that the stronger the financial performance, the more IFMS there are. As a result, IFMS provide 92.5% to the local government of Kabale District in terms of financial performance. This implies that,

Table 10: Regression output summary on, IFMS

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.385	.134		2.882	.005
1IFMS	.921	.030	.762	30.953	.000

a. Dependent Variable: Financial performance

Source. Field data 2022

The outcome again showed a regression coefficient of 862 at a 0.01 level of significance, indicating a significant difference in favour. With a Beta value of 0.962 at a 95% level of confidence, the results further demonstrate that IFMS has an impact on financial success. The

null hypothesis, according to which "IFMS does not affect financial performance at Kabale district local government" was thus rejected by the researcher.

4.3.2. Programme-based budgeting system on financial performance at Kabale District local government

The second objective was aimed at establishing the effect of programme-based budgeting system on financial performance at Kabale District local government. This study was guided by a research question which states that: “The data to achieve this was obtained from the primary sources (staff) and by secondary data (documented work)”. A summary of the responses is presented in the table below.

Table 11: A summary Programme-based budgeting system on financial performance at Kabale District local government

Key: Strongly Agree (SA) 5, (Agree (A) (4), Undecided (UD) 3, Disagree (D) 2 and strongly Disagree (SD) 1

Responses	Agree		Undecided		Disagree	
	F	%	F	%	F	%
PBBS facilitates planning	139	100	00	00	00	00
PBBS ease budgeting	139	100	00	00	00	00
According to its economic strategic blueprint, budgeting helps economic policy achieve its desired aims and objectives.	130	93.5	9	6.5	00	00
Budget based on programmes that bring together expenditures with a shared objective	134	96.4	5	3.6	00	00

Source: Primary data 2022

The four assertions in Table 11 above were used to gauge how the Programme-based Budgeting System (PBBS) was doing financially at Kabale District Local Government. When respondents were asked if the PBBS facilitated planning; 100% of them agreed with the statement. This suggests that PBBS has had a significant impact on the local government of Kabale District's financial performance. When asked again whether PBBS made budgeting easier, all respondents

agreed with the statement 100%. More respondents were questioned on whether budgeting aided economic policy in achieving its desired goals and objectives in accordance with its economic strategic blueprint. 6.5% of respondents were unsure, leaving 93.5% of respondents in agreement with the statement. Finally, when asked if the budget should be based on initiatives that pool spending toward a common goal, 96.4% of respondents agreed with the statement, while 3.6% disagreed. This shows that PBBS are essential to the operations of the Kabale district local government since they enhance financial performance.

Following the examination of quantitative data, qualitative analyses of qualitative data produced by key informant interviews were carried out. The qualitative findings related to the auditing procedure are shown below.

One key informant noted that;

“A program-based budgeting method improves local government accountability. The managers who are in charge of making sure the budget is met are linked to the figures in an approved budget. The performance of the person to whom that budget line item was assigned suffers if a later budget-to-actual comparison is unfavorable. A manager should, in theory, receive a poor performance review if they do poorly on their budget. Without budgetary responsibility, a budget is unlikely to be met because no one is in charge of it. Instead, supervisors are likely to disregard the document.

The second respondent said:

“In order to actually hold programs accountable, the respondent pointed that, performance-based budgeting, which is the process of creating budgets based on the relationship between program spending levels and anticipated results from that program. Program administrators can utilize a performance-based budgeting approach as a tool to manage more cost-effective and efficient budgetary outlays. The respondent pointed out that budgeting is extremely crucial in today's world, when both public and private enterprises must manage their finances effectively and efficiently. Even the smallest economic unit—households—is familiar with the process of creating a budget, but it must be separated into two categories—budgeting for public entities and budgeting for private companies.”

The study confirmed that there was a relationship between quantitative and qualitative findings after doing a qualitative data analysis. The two data sets agreed, and it was obvious that qualitative data supported quantitative data.

Hypothesis Testing;

The Pearson's product moment correlation coefficient was thus utilized to calculate the size of the association in order to confirm the alternative hypothesis that there is a strong relationship between PPBS on financial success, as shown in the table below:

Table 12: Correlation analysis PPBS on financial performance

		Financial performance	PPBs
Financial performance	Pearson Correlation	1	.756**
	Sig. (2-tailed)		.000
	N	139	139
PPBS	Pearson Correlation	.756**	
	Sig. (2-tailed)	.000	
	N	139	139

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

Source: Primary Data 2022

It is evident from Table 12 that there is a positive significant correlation between IFMS and financial performance ($r = .756, p < 0.01$). This finding means that PPBS is associated with Financial Performance. In effect, this finding supports hypothesis 2.

Table 13: Model summary PPBS

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1				

1	.756 ^a	.099	.087	.32040
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a. Predictors: (Constant), PPBS

Source: field data 2022.

The determinant's coefficient .756 suggests that PPBS has an impact on the financial results at the Kabale District Local Government. This implies that the Kabale District Local Government's financial performance will increase as PPBS usage increases. As a result, PPBS has a 75.6% impact on Kabale District Local Government's financial performance.

Table 14: Regression output summary of PPBS

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.680	.507		5.282	.000
1 Budgetary challenge	.362	.124	.756	2.928	.004

a. Dependent Variable: Service delivery

Source: Field Data 2022

Results again showed a significant connection with a regression coefficient of .456 at the 0.01 level of significance. With a Beta value of 0.756 at 95% confidence, the findings further demonstrate that PPBS has an impact on financial performance. The research hypothesis that "PPBS has no effect on financial performance of Kabale District local government" was therefore rejected by the researcher.

4.3.3. Integrated personnel and payroll system on financial performance at Kabale District local government

The third objective was aimed at assessing the effect of integrated personnel and payroll system on financial performance at Kabale District local government. This study was guided by a research question which states that, "the data to achieve this was obtained from primary sources and secondary data". A summary of the responses is presented in the table below.

Table 15: A summary integrated personnel and payroll system on financial performance at Kabale District local government

Key: Strongly Agree (SA) 5, (Agree (A) (4), Undecided (UD) 3, Disagree (D) 2 and strongly Disagree (SD) 1

Statements	Agree		Undecided		Disagree	
	F	%	F	%	F	%
PPBS acts as a communication channel for the organization on salaries and wages	137	98.6	2	1.4	00	00
PPBS helps in providing a centralized database	139	100	00	00	00	00
PPBS Support personal planning and decision making	139	100	00	00	00	00
Automated storage of personnel records to aid staff enrolment,	139	100	00	00	00	00
PPBS aids monitoring against budgeting and prevention of wastages and leakages based on factual personnel records and information	139	100	00	00	00	00

Source: Primary data 2022

When asked whether the integrated personnel and payroll system serves as a channel for the organization to communicate about salaries and wages, 98.6% of respondents agreed with the statement, compared to 1.4% of respondents who disagreed with it (see Table 15 above). This question was part of an effort to gauge the impact of an integrated personnel and payroll system on the financial performance at Kabale District local government. When asked again if integrated personnel and payroll system aids in establishing a consolidated database, all respondents (100%) agreed with the statement. When more respondents were questioned about whether the integrated personnel and payroll system supported individual planning and decision-making, 100% of them agreed with the statement. When asked if automated personnel record storage would help with employee enrolment, all respondents said "yes" with a score of 100%. Last but not least, when asked if integrated personnel and payroll system helps monitor spending and minimize wastages and leaks based on factual personnel data and information, 100% of

respondents agreed with the statement. This shows that integrated personnel and payroll system has an impact on the local government of the Kabale District financially.

After conducting quantitative data analysis, qualitative analyses were performed on qualitative data that had been generated through key informant interviews. On the effect of integrated personnel and payroll system on financial performance at Kabale District local government the qualitative findings are presented hereunder.

Respondent

“Recordkeeping is a systematic compilation of similar information in an office setting, and stored in files or folders for office administration. Record keeping systems also are known as a process of creating, managing and maintaining Complete and accurate, reliable evidence of the business activities or transactions. Records are needed not only for legal, financial and tax purposes but also for maintaining a permanent record of the organization, analyzing the operations, monitoring day-to-day activities, and future planning which leads to service delivery to citizens”

Second respondent

“Governments; employee information management, which keeps track of an officer's master data over the course of their career; Decision makers may easily access personnel records and postal correspondence thanks to the Electronic Document Management System (EDMS), a crucial component of the IPPS that supports records management business activities. It makes it easier to store, access, and use electronic records for public officials and retirees. Payroll cleaning through public officer biometric validation and National ID database authentication of their personal information; Support for IPPS users' functional and technical needs on-site, at the help desk, and at Regional Support Centers; audit trail for all transactions carried out using IPPS.”.

Mostly for all, the model on the effects of record keeping systems shows that they work hand in hand for effective service delivery. The study confirmed that there was linkage between quantitative and qualitative findings. There was agreement between the two data sets and it was clear that qualitative data reinforced quantitative data.

Hypothesis Testing;

To verify the alternative hypothesis that there is strong relationship between Integrated personnel and payroll system on financial performance at Kabale District local government, the Pearson’s product moment correlation coefficient was thus used to determine the magnitude of the relationship as shown on the table below.

Table 16: Correlation analysis on Integrated personnel and payroll system and financial performance

		Correlations	
		Financial performance	Integrated personnel and payroll system
Financial performance	Pearson Correlation	1	.829**
	Sig. (2-tailed)		.000
	N	139	139
Integrated personnel and payroll system	Pearson Correlation	.829**	
	Sig. (2-tailed)	.000	.000
	N	139	139

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

Source: Field Data 2022.

It is evident from Table 16 that there is a positive significant correlation between IFMS and financial performance ($r = .829$, $p < 0.01$). This finding means that integrated personnel and payroll systems is associated with Financial Performance. In effect, this finding supports hypothesis 3.

Table 17: Model summary of the Integrated personnel and payroll system

Model Summary				
Mode	R	R Square	Adjusted R Square	Std. Error of the Estimate
1				

1	.829 ^a	.159	.154	.14749
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a. Predictors: (Constant), Integrated personnel and payroll system

Source field data 2022

The coefficient of determination 899 implies that Integrated personnel and payroll system affects financial performance at Kabale District local government by 82.9% --thus, a significant relationship.

Table 18: Regression output summary on Integrated personnel and payroll system

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.941	.219		13.460	.000
1 Budgetary Control	.299	.054	.829	5.593	.000

a. Dependent Variable: **Financial performance**

Source: Field data 2022

Findings revealed a regression coefficient of 829 at 0.01 significant level, hence a significant relationship. Results further confirm that Integrated personnel and payroll system **affects** financial performance with a Beta value of 0.829 at 95% of confidence. Therefore, the researcher rejects the research hypothesis which states that, “Integrated personnel and payroll system **does** not effect on financial performance at Kabale District local government.

4.4. Empirical finding on financial performance

This section summarizes the research on the financial performance of the Kabale district local government's dependent variable, using the questions designed to gather data from the respondents. Both primary sources and secondary data were used to gather the information needed to accomplish this. The table below provides a summary of the responses.

Table 19: A summary of the findings on financial performance at Kabale district local government

Statements on financial performance	Agree		Undecided		Disagree	
	F	%	F	%	F	%
Capital sufficiency improves local government's financial performance.	139	100	00	00	00	00
Assets management is vital in local government	139	100	00	00	00	00
Management capability is vital for increasing financial performance local government	139	100	00	00	00	00

Source: Primary data 2022

Respondents were subjected to three statements on financial performance at Kabale District Local government. Respondents were asked whether capital sufficiency improves local government's financial performance; all respondents agreed with 100%. Respondents were once again asked whether Assets management is vital in local government, 100% of the respondents agreed with the statement. Lastly, respondents were asked whether management capability is vital for increasing financial performance local government, 100% of the respondents agreed with the statement.

CHAPTER FIVE

DISCUSSION OF FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

5.1. Introduction

This chapter presents the study summary, discussion of findings, conclusions and recommendations made. It also presents the proposed areas for further research. The discussion, conclusions and recommendations are presented according to themes based on the study objectives.

5.1.1. Integrated financial management systems on financial performance at Kabale District local government

The results of the study's first objective showed that Kabale District local government's financial performance is impacted by integrated financial management systems. Based on qualitative and descriptive statistical analysis, the respondents agreed at a rate of 90% on average and with a correlation coefficient of $r=862^{**}$ on the five questions pertaining to integrated financial management systems. The qualitative data from the key informants, which indicated that integrated financial management systems have an effect on the local government of Kabale District's financial performance, also supported this claim.

5.1.2. Programme-based budgeting system on financial performance at Kabale District local government

The study's second objective was to determine the effect of the program-based budgeting method on the financial performance at Kabale District's local government. Five questions were taken into consideration in the study, and it was found that 85% on average and $r = 756^{**}$ were the answers. This assertion was further backed by the key informant qualitative data, which showed that integrated financial management systems have an impact on the financial performance of the Kabale District local government.

5.1.3. Integrated personnel and payroll system on financial performance at Kabale District local government

The third objective was to assess the effect of integrated personnel and payroll system on financial performance at Kabale District local government. From the descriptive statistics, the respondents agreed with 90% record keeping system on service delivery with $r = 0.829$.

5.2. Discussion of findings

This study was conducted with a focus on three distinct objectives: to establish the impact of program-based budgeting system on financial performance at Kabale District local government; to examine the impact of integrated personnel and payroll system on financial performance at Kabale District local government; and, to evaluate the impact of integrated financial management systems on financial performance at Kabale District local government. These findings are further addressed in this part to determine whether they are pertinent to the creation and testing of general knowledge. This discussion is structured in accordance with the study's goals and gives special consideration to the major discoveries made during the data analysis process.

5.2.1. Integrated financial management systems on financial performance at Kabale District local government

The first goal of this research was to examine how integrated financial management systems affected the local government of Kabale District's financial performance. The findings of the data collection and analysis showed that there was a significant and positive association between the two variables. Qualitative results demonstrated the impact of integrated financial management systems on the local government of Kabale District's financial performance. This is in agreement with Abdel-Basset, et al, (2021). The integrated financial management system (IFMS) application provides quick, accurate, dependable, and verifiable information that speeds up the decision-making process; therefore understanding the IFMS and financial performance is crucial. Furthermore, he argues that it offers sophisticated financial reporting and decision-making processes for assessing the benefits and weaknesses of operational and strategic service delivery techniques. The ability of an entity to schedule and forecast is improved by the implementation of IFMS. Administrators can then create achievable performance goals and allocate funds in an

efficient manner. When employing IFMS solutions, an entity has the potential to improve the efficiency of its financial operations and reporting processes. These systems solidify the safeguards an institution needs to prevent the misappropriation of funds as well as the mitigation strategies it should utilize to guard against both anticipated and unforeseen threats. The control measures also offer the past performance data required to oversee the entity's present and future operations. Additionally, auditors use this earlier information to assess an entity's development (Abrell, et al, 2016). An information system called the Integrated Financial Management System (IFMS) keeps track of financial occurrences and compiles financial data. In its most basic form, an IFMS is only an accounting system that has been set up to function in accordance with the requirements and guidelines of the environment in which it is placed (Bergdahl, & Nouri, 2021). The use of information and communications technology in financial operations to support management and budget decisions, fiduciary duties, and the creation of financial reports and statements is generally referred to as "IFMS". With the aid of an integrated system for the financial management of line ministries, spending agencies, and other government entities, public financial management (PFM) processes, including budget preparation and execution, accounting, and reporting, are more specifically computerized in the context of government.

5.2.2. Programme-based budgeting system on financial performance at Kabale District local government

The second objectives of this research were to effect of programme-based budgeting system on financial performance at Kabale District local government. The findings of the data collection and analysis showed that there was a significant and positive association between the two variables. Qualitative results demonstrated the effect of integrated financial management systems on the local government of Kabale District's financial performance. This is in line with Davcik, et al, (2021). A performance-based budgeting approach bases budget creation on the relationship between programme funding levels and anticipated outcomes (Dapp, et al., 2019). Programme managers can utilize a performance-based budgeting method as a tool to manage more cost-effective and efficient budgetary expenditures, which will improve local government's financial performance. The term "programme-based budgeting" refers to a budget that is based on programmes that group spending with a common goal, which for most programmes refers to the result that the programme is intended to produce. It bases budget allocations on performance standards (Faulds, et al., 2018). According to Fauville (2017), several reform programmes that

the Kenyan government has been implementing since the year 2000 in an effort to achieve efficiency and effectiveness in the delivery of public goods and services were continued with the introduction of programme-based budgeting in the civil service in 2007. To ensure the fundamental, long-term goal of efficiency and effectiveness in public spending, Treasury Circular Number 17/2009 on Budget Preparation emphasized the significance of changing the budget process to comply with Programme Based Budgeting (PBB) (Gikonyo, 2013). Ministries and Departments were obligated under the Fiscal Management Act of 2009 to provide outputs and outcomes that they would ultimately defend before the departmental committees of parliament. Treasury Circular Number 6/2009 underlined that no submissions would be accepted by the Treasury without the Programme-Based Budget since the National Assembly's new standing procedures needed a budgetary policy statement that was consistent with PBB. The new standing orders obliged the accounting officers to justify their budget estimates before the Parliamentary. Treasury Circular No. 17/2009 explains the significance of budgetary reforms as promoting growth and employment, lowering poverty, boosting food security, and safeguarding the welfare of the most vulnerable and underprivileged segments of society (KDS, 2010). The emphasis was on upholding a stable macroeconomic environment, fostering an environment that is favourable to business, developing crucial infrastructure facilities and public works across the nation to promote growth, create jobs, and alleviate poverty, fostering equitable regional and social development for stability, managing the environment and ensuring food security, and improving governance, transparency, and accountability in the provision of public goods and services (Galati, & Bigliardi, 2019).

5.2.3. Integrated personnel and payroll system on financial performance at Kabale

District local government

This study established that integrated personnel and payroll system had effects on financial performance at Kabale District local government. During the study, it was also discovered that there was a positive and significant relationship with Qualitative findings from key informant interviews confirmed and reinforced quantitative findings. These findings are confirmed and supported by other researchers and scholars that Integrated personnel and payroll system on financial performance at Kabale District local government. This is in agreement with Agarwal, (2020) that the majority of businesses and organizations have a number of expenses they must regularly pay on a daily, weekly, monthly, quarterly, or yearly basis (to continue running the

business. Systems of programme-based budgeting are essential to delivering value for money. Additionally, they guarantee payment of these costs so the business will not accrue any long-term debts (Adegboye, 2019). The Integrated Payroll and Personnel Information System (IPPIS) is a computerized Human Resource and accounting Management Information System project based on information communications technology (ICT) that was started by the governments to increase the effectiveness and efficiency of payroll administration (Iansiti,& Lakhani,2017). IPPIS is a type of identity system management that offers a central database to support personal planning and decision-making, automated staff record storage to facilitate staff enrolment, budget monitoring, and the prevention of wastage and leakage based on factual personnel records and information. Iatsyshyn, et al. (2020) want IPPIS to record government workers' fingerprints and face images and keep them in a digital data-based library that can be accessed from any location with permission. IPPIS was a reform project designed to put the public service in a better position for increased production and efficiency.

5.3. Conclusions

Based on the findings and relationships between the study variables, the conclusions were made according to the study objectives.

5.3.1. Integrated financial management systems on financial performance at Kabale

District local government

From the findings and discussion above, it can be concluded that integrated financial management systems affect financial performance at Kabale District local government funds. This in agreement with the findings where majority of respondents agreed with the findings; When respondents were asked if integrated financial management systems were important for establishing accountability, 93.5% of them agreed with the statement, while only 6.5% disagreed. Respondents were once more asked if the information released by the IFMS was pertinent and provided the public with a complete picture of their financial activity by ensuring appropriate accountability. 97.1% of the respondents agreed with this statement, while 2.9% disagreed. When asked again about the statement that financial reporting was made simple by IFMS, 100% of respondents agreed. This shows that IFMS has simplified the task of financial accountability. Furthermore, respondents were asked if IFMS provided value for money; 100% of the respondents agreed with the statement. Finally, when asked if IFMS facilitated internal

controls, all respondents agreed with the assertion. This shows that the Kabale District local government's financial performance has improved as a result of IFMS.

5.3.2. Programme-based budgeting system on financial performance at Kabale District local government

This in agreement with the researcher's findings as follows: When respondents were asked if the PBBS facilitated planning, 100% of them agreed with the statement. This suggests that PBBS has had a significant impact on the local government of Kabale District's financial performance. When asked again whether PBBS make budgeting easier, all respondents agreed with the statement 100%. More respondents were questioned on whether budgeting aided economic policy in achieving its desired goals and objectives in accordance with its economic strategic blueprint. 6.5% of respondents were unsure, leaving 93.5% of respondents in agreement with the statement. Finally, when asked if the budget should be based on initiatives that pool spending toward a common goal, 96.4% of respondents agreed with the statement, with 3.6% disagreeing. This shows that PBBS are essential to the operations of the Kabale district local government since they enhance financial performance.

5.3.3. Integrated personnel and payroll system on financial performance at Kabale District local government

From the outcomes and discussion, it is concluded that integrated personnel and payroll system on financial performance at Kabale District local government This is in agreement with the findings as below: When asked whether the integrated personnel and payroll system serves as a channel for the organization to communicate about salaries and wages, 98.6% of respondents agreed with the statement, compared to 1.4% of respondents who disagreed with it (see Table 4.13 above). This question was part of an effort to gauge the impact of an integrated personnel and payroll system on the financial performance at Kabale District local government. When asked again if integrated personnel and payroll system aids in establishing a consolidated database, all respondents (100%) agreed with the statement. When more respondents were questioned about whether the integrated personnel and payroll system supported individual planning and decision-making, 100% of them agreed with the statement. When asked if automated personnel record storage would help with employee enrolment, all respondents said "yes" with a score of 100%. Last but not least, when asked if integrated personnel and payroll

system helps monitor spending and minimize wastages and leaks based on factual personnel data and information, 100% of respondents agreed with the statement. This shows that integrated personnel and payroll system has an impact on the local government of the Kabale District financially.

5.4. Recommendations.

In relation to the analysis, findings, and conclusions, guided by the study objectives, the following recommendations have been proposed.

5.4.1. Integrated financial management systems on financial performance at Kabale District local government

In order to improve financial performance, the report advises Kabale district local government to place more focus on the use of integrated financial management systems. If it is completely employed as intended, Kabale District local government will offer high-quality accountabilities, financial restrictions will be put into place, and monitoring will be done as intended.

5.4.2. Programme-based budgeting system on financial performance at Kabale District local government

The study suggests that Kabale District local government's financial performance is significantly impacted by its use of a programme-based budgeting method. This suggests that in order for this to be accomplished in accordance with ministry requirements, the Kabale district management should put in place what is necessary.

5.4.3. Integrated personnel and payroll system on financial performance at Kabale District local government

The report suggests emphasizing record keeping methods in order to effectively implement an integrated personnel and payroll system on the local government of Kabale District. This should be accomplished through the recording of project-related information, information retrieval, and information display. The Kabale District local government will attain successful financial performance when this is done correctly.

5.5. Areas for further study

The purpose of the study was to determine how digital technology affected Kabale District local government's financial performance. Although they were unrelated to this investigation, some issues that surfaced did not fall under its purview. Future scholars can take these into account and look into them as follows;

- ✓ To establish the effect of accountability on financial performance
- ✓ To assess the effect of financial transparency on financial performance

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APPENDICES

Appendix I: Questionnaire

Dear respondent,

My Name is **HERBERT MUGUME Reg 2020/A/MBA/2264/W** a student of Kabale University doing a Masters' Degree in Business Administration (Finance and Accounting). This questionnaire is designed to establish the effect digital technologies and financial performance in local government in Uganda: a case study of Kabale District. The information you give will help the researcher to understand more about the relationship between financial accountability and service delivery in Kabale District. The information provided will be kept confidential, and it's for academic purposes; I request you to give me information openly.

Thank you for your cooperation

SECTION A: Bio-data of respondents

Please tick the appropriate response:

- i. **Age:**
- | | |
|------------|--------------------------|
| a)18-30 | <input type="checkbox"/> |
| b)31-40 | <input type="checkbox"/> |
| c)41-50 | <input type="checkbox"/> |
| d)51&above | <input type="checkbox"/> |
- ii. **Sex**
- MALE FEMALE
- iii. **Highest qualifications attained**
- | | |
|----------------------|--------------------------|
| a) Secondary | <input type="checkbox"/> |
| b) Diploma level | <input type="checkbox"/> |
| c) Bachelor's degree | <input type="checkbox"/> |
| d) Postgraduate | <input type="checkbox"/> |
- iv. **No of years on this job/service**

- a)1-5 yrs
- b)6-10 yrs
- c)11-15 yrs
- d)20 and above

INSTRUCTIONS

For each of the statements in sections B and C, tick the number that best indicates your opinion in the matter using the 5-points Likert scale

1. Strongly Disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

SECTION B. Integrated Financial Management Systems

		5	4	3	2	1
1	Integrated Financial Management Systems is vital in providing accountability					
2	Data disclosed by IFMS is meaningful and provide a full picture of their financial activity to the public by giving proper accountability					
3	Financial reporting becomes easy with IFMS					
4	IFMS provides value for money					
5	IFMS facilitates internal controls					

SECTION C: Programme-based budgeting system on financial performance in local government.

		5	4	3	2	1
1	PBBS facilitates planning					
2	PBBS ease budgeting					
3	Budgeting drives the economic policy to intended goals and objectives as per its economic strategic blueprint					
4	Budget based on programmes that bring together expenditures with a shared objective					

SECTION D: Integrated personnel and payroll system

		5	4	3	2	1
1	Acts as a communication channel for the organization on salaries and wages					
2	Helps in providing a centralized database					
3	Support personal planning and decision making					
4	Automated storage of personnel records to aid staff enrolment,					
5	Aids monitoring against budgeting and prevention of wastages and leakages based on factual personnel records and information					

Section E: Financial performance.

	Statement	1	2	3	4	5
1	Capital adequacy increases financial performance in financial institutions					
2	Assets management is vital in financial institutions					
3	Management capability is vital for increasing financial performance local government					
4	It's from earnings that make out financial institution performing well					
5	Asset liability has increased financial monitoring and evaluation in our institution					

Appendix II: Interview guide

Dear respondent,

My Name is **HERBERT MUGUME Reg 2020/A/MBA/2264/W** a student of Kabale University doing a Masters' Degree in Business Administration (Finance and Accounting). This questionnaire is designed to establish the effect digital technologies and financial performance in local government in Uganda: a case study of Kabale District. The information you give will help the researcher to understand more about the relationship between financial accountability and service delivery in Kabale District. The information provided will be kept confidential, and it's for academic purposes; I request you to give me information openly.

Thank you for your cooperation

1. Integrated Financial Management Systems is vital in providing accountability. [**Yes or No**]. If **yes**, support your answer
2. Data disclosed by IFMS is meaningful and provide a full picture of their financial activity to the public by giving proper accountability. [**Yes or No**] support your answer
3. Financial reporting becomes easy with IFMS. Do you agree with the statement? Yes or o. if yes support your answer
4. IFMS provides value for money. Yes or no. Support your answer
5. IFMS facilitates internal controls Yes or No. Support your answer
6. PBBS facilitates planning Support your answer
7. PBBS ease budgeting. Support your answer
8. Budgeting drives the economic policy to intended goals and objectives as per its economic strategic blueprint. Support your answer
9. Budget based on programmes that bring together expenditures with a shared objective. Support your answer
10. Acts as a communication channel for the organization on salaries and wages. Support your answer

11. Helps in providing a centralized database. Support your answer
12. Support personal planning and decision making. Support your answer
13. Automated storage of personnel records to aid staff enrolment. Support your answer
14. Aids monitoring against budgeting and prevention of wastages and leakages based on factual personnel records and information. Support your answer
15. Capital adequacy increases financial performance in financial institutions. Support your answer
16. Assets management is vital in financial institutions. Support your answer
17. Management capability is vital for increasing financial performance in our institution. Support your answer
18. It's from earnings that make out financial institution performing well. Support your answer
19. Asset liability has increased financial monitoring and evaluation in our institution. Support your answer

End

Appendix III: Document Review Guide

Research question	Documents to review	Findings on each of the documents reviewed.	Key Themes
Research question 1 What is the effect of integrated financial management systems on financial performance at Kabale District local government?	Financial reports t 2018, 2019 2020 and 2021 Board Minutes 2018, 2019 2020 and 2021		
Research question 2. What is the effect of a programme-based budgeting system on financial performance at Kabale District local government?	Budgets and financial reports 2018, 2019 2020 and 2021 Board Minutes 2018, 2019 2020 and 2021		
Research question 3. What is the effect of integrated personnel and payroll system on financial performance at Kabale District local government?	Budgets and financial reports 2018, 2019 2020 and 2021 Board Minutes 2018, 2019 2020 and 2021		