

The Role of Vertical Openness Communication in Enhancing Fiscal Decentralisation in Uganda

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Abstract:-Fiscal decentralisation has become a central concern globally. This has prompted developing countries to turn to fiscal decentralisation in various forms as an escape from inefficient and ineffective governance. Therefore this study is occasioned by the fact that there is scarcity of empirical studies in developing countries such as Uganda that investigate the interactions between vertical openness communications enhancing fiscal decentralisation at institutional levels. The major objective of this study is to establish the relationship between vertical openness and fiscal decentralisation in Busoga sub region Government Aided Primary Schools in Eastern Uganda. This study adopted a cross sectional design under a quantitative domain and a sample of 314 respondents was used. The data was analysed using spss software version 20. The finding of the study indicated that the association between vertical openness and fiscal decentralization is positive and significant which implies that vertical openness supportive communication improves fiscal decentralisation. The study recommends that Central Governments should streamline communication to ensure that the Lowest Accounting Officers especially Head teachers are able to obtain information on new guidelines for funds use promptly through circulars, setup public information centres in local and urban areas, use modern social media platform among others.

Key words: Vertical openness, Fiscal decentralization, Communication, Local Government, Public Primary Schools

I. INTRODUCTION

Fiscal decentralisation is the multi-faceted process of central government transferring decision making powers concerning public finance to sub national government covering expenditure and revenue sides of decentralisation (Gu, 2012). Uganda is one of those countries that have since embarked on fiscal decentralisation (Namakula & Buye, 2007) being one of the most important administrative reform with tenacity since independence in 1962 (Saxena, sohini & Goel, 2010). Fiscal decentralisation involves changing control and responsibility in the management of funds with a shift from the central government to subnational governments of the lower government units such as schools, hospitals, and sub counties among others. (Poschl & Weingast 2015). Under the said arrangement, finances are periodically disbursed from the center to the lower local government so that. They facilitate efficient and effective services under the said frame work schools and other government service units, receive funds through electronic transfer mechanism. The transfers are followed up with circulars guiding on management and use of the said funds, (MoES, 2018). One of the measures that lead to

the success of fiscal decentralisation is a kind of communication within the organisation specifically vertical openness. Vertical openness is a kind of organisational communication that involves two different movements from “up-down” and ‘down-up’ communication (Shonubi and Akintaro , 2016). Vertical communication is an official way of disseminating information in an organization that permits information to move both upward and downward within the chain of communication (Idrisu & salifu, 2018). Further the vertical openness form of organisational communication is that whose operations are marked by the higher local government(central government) charged with responsibility of generating policies and guidelines which are relayed to the lower governments such as districts local governments for implementation in terms of delivery of public services.(MOES,2000).The disbursement of funds meant for primary education in districts local governments falls under fiscal decentralisation where the central government channels such funds to these districts local governments that in turn relay such monies to public primary schools. The process is further accentuated by information sharing as operationalised by the standing schedules of public systems management which require a focal person(accounting officer) to account to the centre on how the funds remitted were utilized by the lower units.(MOES,2018).

However while the initiative to transfer funds to the lower units is a welcome gesture by the stakeholders especially in the education sector, a number of flaws have been observed in the way funds in the primary schools funded by government in Busoga Sub region (Sebidde, 2014). Many schools spend on the wrong things that do not directly further the quality of Education service perhaps due to different perception of communications from the centre (vertical openness) in form of circulars and guidelines to the lower units. Moreover study of financial management among the primary schools’ head teachers in Eastern Uganda Region where Busoga Sub region is found, indicated that Eastern Uganda had the least number of head teachers (37%) who have functional knowledge of financial management with Northern Region topping at 78% (Muvawala & Hisal 2012). Nevertheless, there is a scarcity of empirical studies explaining the role vertical openness communication in enhancing fiscal decentralisation within government aided primary school in Uganda. This study therefore seeks to build on that body of knowledge.

Theoretically, vertical openness communication and fiscal decentralisation could be rooted in systems theory. As a theory of Organisational behavior (McClelland, 1993), the system theory argues that organizations are made up of interrelated sub parts and subsystems which affect work interdependently to sustain the entire system (Grunig, & Dozier, 2002). It argues that for these parts to sustain the functioning of the entire organisation there must be information exchange, feedback and interdependent which are fundamental to communication theory (Miller, 2003). It should be recalled that the Public Service is a system of interdependent departments located at the centre, regional and local Government Level. These departments work interdependently with each other so as to deliver efficient and effective Public Services. This is because local governments in particular as sub national authorities are created by central government to enhance the delivery of public services and goods to the citizenry as closely as possible (Tabira & Okao, 2010; Oppenheimer, 1981). However, for these services to be delivered well, the Central Government through its structures, issues routine instructions and guidelines that the Local Authorities are in turn required to report (MOES, 2018), as instructed to implement public services in consonance with the systems theory (Grunig, & Dozier, 2002). This is the essence of vertical openness a form of organizational communication where after the center has issued instructions and guidelines on policy matters, the local government must feed the centre with the emerging issues in an effort to deliver the needed public services well (MOES, 2000). In this regard, fiscal decentralisation should be understood as the instructions and guidelines that the centre communicates to the local governments on how financial resources sent to them should be handled.

In return, the fact that local governments have to give a feedback through vertical communication, the local governments have to account for these resources as per the standing schedules of the Public Service systems to function normally. In fact, if a local government/accounting Officer does not provide accountabilities for the funds remitted the officers are often punished (The Monitor Newspaper; 2018). To this extent, vertical openness communication and fiscal decentralization can ably be explained by the system theory.

II. LITERATURE REVIEW AND THEORETICAL DEVELOPMENT

Fiscal Decentralisation studies within the context of public administration, are a little by little evolving. In this study an attempt has been made to try to show the possibility for a relationship between these constructs. This has been done as follows:-

2.1 Vertical openness Communication and Fiscal Decentralisation

Scholars have attempted to argue in separate instances that vertical communication is related to fiscal Decentralisation.

However, while in their own wisdom this could be true, there continues to be inherent weaknesses in their assertions to the extent that there is need for a new study to directly link these constructs.

For instance, Martinez-Vazquez et al (2015) argues that decentralising governance restores confidence in public policies and provides a basis for broader policy consensus because it inherently agitates for accountability to the citizenry. In other words, contemporary democracy calls for decentralisation of power and authority from the Central to Local Governments in which fiscal decentralisation through devolution is retained. This form of governance calls for effective communication of whatever is entailed in the policy from the centre to the local governments and as such a feedback from the grass roots to the centre regarding the effects of what has been decentralised.

This means that vertical communication is necessary for effective decentralisation and as such directly related. However, while this is true, Martiner –Vazquez et al (2015) do not specifically examine the extent to which vertical communication directly affects fiscal decentralisation in particular. This is because; their study was entitled; the Impact of Fiscal decentralisation: a survey. The current study specifically examined the direct relationship between vertical communication and fiscal decentralisation. Most importantly, government aided primary schools in busoga sub region in Eastern Uganda were considered.

Relatedly, Gemmell, et al, (2013) have equally argued that local governments are now key actors in the delivery and provision of public goods and service to citizens all over the world. Therefore, it has become increasingly important for stakeholders to know the impact to fiscal decentralisation on the economy, the society and politics. This because; there are so many concerns that fiscal decentralisation has to address. Some of them are; growth and development, reducing poverty and achieving the sustainable development goals (SDG). In addition are the ongoing social concerns such as improving public sector efficiency and governance, or achieving greater macroeconomic stability and fiscal sustainability. However, pertinent in all these is the fact that these scholars reveal the inherent relationship between vertical communication and fiscal decentralisation. This is because, local governments, to which fiscal authority has been decentralised, have key stakeholders who are the citizen to whom politicians and civil servants are held accountable to. These people need to be kept aware of the extent to which the concerns amongst them have been addressed using the funds sent to them and this is only possible through vertical communication. To this extent, vertical communication is related to fiscal decentralisation. It is only that this is a mere inference that has been derived from a study that did not directly test for the relationship inherent in these constructs. The current study attempted to do so.

On their own, Diaz –Serrano and Rodriguez-Pose (2015) report on the impact of fiscal decentralisation and political

decentralisation on the quality of the education and health services across 31 European countries after using the 2002, 2004, 2006 and 2008 survey there in. In their study 160,000 individuals were asked and based on their views; these scholars indicated that, there is a positive effect of Fiscal decentralisation on the perception of the state of the health and Education system. However, they continue to observe that political decentralisation can only affect citizens' satisfaction with education and health delivery in different ways abased on the effectiveness of the authority and the policy influence exerted buy local governments. In their argument, Diaz- Serrano and Rodriguez-Pose (2015), relay the relationship between vertical communication and fiscal decentralisation when they report that 160,000 individuals were consulted to determine the effect of fiscal decentralisation on the quality of education and health services in the 31 European States. The fact that the assessment is based on a report derived from the recipients of the services is a somewhat sufficient indicator of a feedback mechanism as a form of vertical communication that the authorities in the local governments of 31 European States have come to believe in. To this extent, there is a possibility for an inherent relationship between vertical communication and fiscal decentralisation. It is only that this just a derivative of a study that did not test for the direct relationship between these constructs that the current study considered in greater depth.

In a related development, Ligthart & Oudheuden (2015) and Espasa et al. (2015) equally evaluated the level of satisfaction with the provision of decentralised public goods in Spain and whether fiscal decentralisation affects citizens' feelings of trust in government – related institutions for 42 countries over the period 1994 -2007 respectively.

In their findings, the surveys reveals that fiscal decentralisation has a net impact on the quality of services delivered in local governments particularly because of the feedback that the recipients provide through these surveys. In this regard, vertical communication is related to fiscal decentralisation. However, all these possible relationships are not the result of a direct study that tested for the relationship between vertical communication and fiscal decentralisation. This is because; they continue to be derivatives of studies that had alternative objectives. To this extent, it was possible to hypothesize that; *Vertical openness communication is positively and significantly related to fiscal decentralization.*

III. METHODS

This study adopts a cross sectional approach given that such studies are relatively in expensive, quick and useful in generating and clarifying hypotheses plus piloting new measures (Kraemer, 1994). Data was collected using structured questionnaires. Simple random sampling of schools within the 10 districts of Busoga Sub region. Simple random sampling was most appropriate from total sample 314 out of total population of 1462 head teachers. Simple random

sampling was used because it gives each member of the population an equal chance of being selected during the sampling process (Gallardo & Lachlan,2012). Internal consistency of questionnaire was determined during pre-testing and tools were found be reliable after calculating Cronbach alpha coefficient (Nunnally & Bernstein,1994)

IV. RESULTS

Correlation analysis was used to determine the role of vertical openness communication in enhancing Fiscal Decentralisation and the results of Bivariate Correlation are summarized in correlation matrix in appendix 1, other results are presented in tables below;

Table 4.1: Correlation matrix of vertical openness and fiscal decentralisation

	Vertical Openness	Fiscal Decentralisation
Vertical Openness	1 233	.498** .000 233
Fiscal Decentralisation	.498** .000 233	1 233

** . Correlation is significant at the 0.01 level (1-tailed).

Correction analysis results presented in the table above, indicated that the association between vertical openness and fiscal decentralisation is positive and significant ($r=0.498$, < 0.01). This signifies that changes in fiscal decentralisation are brought about by the presence of vertical openness. This implies that vertical openness improves fiscal decentralisation.

4.1 Reliability.

Reliability of the questionnaire was ensured through the use of cronbach's alpha coefficient tests. Gliem & Gliem, (2003), assert that cronbach's alpha provides a measure of the internal reliability of the test or scale, which is expressed as a number that is between 0 and 1. cronbach's alpha coefficient was used because it is a widely preferred method of estimating the average inter-relations of items and the number of items in a given scale. 30 respondents were given the questionnaire for purposes of checking for reliability of the instruments, and the perceptions of the respondents were gathered, reviewed and used to perfect or improve on the first draft of the questionnaire. The result from the tests carried out on the reliability of instruments showed that the coefficient of 0.79 and above was achieved. According to George and Mallery, (2003), any coefficient above 0.7 and above is acceptable. The tool was therefore found to be reliable.

Table 4.2: Reliability of the Instruments Results

Variable tested	Cronbach's Alpha	No. of Items
Vertical openness	0.84	10
Fiscal decentralisation	0.79	22

Source: primary data

V. DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

The study sought to establish the role of vertical openness in enhancing fiscal decentralisation in government aided primary schools in Busoga sub regions, Eastern Uganda.

The study established that the association between vertical openness and Fiscal Decentralisation is positive and significant ($r=0.498$, < 0.01). This signifies that changes in Fiscal Decentralisation are brought about by the presence of vertical openness. This implies that vertical openness improves Fiscal Decentralisation. This finding is consistent with verma (2013) who posits that availability of vertical openness enhances decentralisation in part. This finding could be attributed to the leaders follower relationship that allows subordinates to make suggestion to other superior on issues of Fiscal Decentralisation such as work stations have to improve in a bid to offer qualify education services to the public .

Conclusively, the study explored the role of vertical openness communication in enhancing fiscal decentralisation. A summary of the results indicates that vertical openness influences fiscal decentralisation significantly. As such, fiscal managements of finances improves if the lower government units are adequately provided with circulars, guidelines to inform their operations.

It therefore recommended that the central government should stream line communication to encourage a bottom up and top down communication to the lower government units. This can be achieved through prompt circulars, setting up Public information centre both in rural and urban areas for easy accessibility to information.

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