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Determinants of Effective Revenue Management in South African Municipalities: Evidence from Buffalo City Metropolitan Municipality

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Abstract: The study aims to identify institutional, political and behavioural determinants that shape municipal revenue performance, using Buffalo City Metropolitan Municipality (BCMM) as a case. Extends South African and Global South literature that links fiscal outcomes to governance capacity, political incentives and data integrity. Concurrent mixed-methods design: a survey of 120 municipal officials and 12 semi-structured interviews with finance managers, councillors and revenue practitioners. Persistent weaknesses include outdated billing/ICT, inaccurate debtor profiling and forecasting, inconsistent credit-control enforcement (especially near elections), and fragmented indigent registers that erode trust. These factors interact systemically to depress collection ratios and increase dependence on intergovernmental transfers. Technical fixes alone are insufficient. Improvements require professionalised revenue units, integrated digital platforms, depoliticised enforcement, updated indigent registers and citizen-facing transparency to rebuild compliance. Reframes municipal revenue management as a governance problem rather than a purely technical task and proposes a context-sensitive reform framework for BCMM and similar municipalities.

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1. Introduction

Revenue management is foundational to the functionality, credibility, and developmental mandate of local government in South Africa. As stipulated in Section 152 of the Constitution of the Republic of South Africa (1996), municipalities are entrusted with promoting sustainable service delivery, financial viability, and democratic accountability. In practice, this constitutional promise is undermined by a persistent fiscal crisis across the local government sector. Despite the formal strength of legislative instruments such as the Municipal Finance Management Act (MFMA), the Municipal Systems Act, and the Division of Revenue Act (DORA), municipalities continue to underperform in revenue collection and financial governance (AGSA, 2023; National Treasury, 2023). Buffalo City Metropolitan Municipality (BCMM), located in the Eastern Cape, exemplifies this disconnect between legal intent and operational reality. BCMM is currently facing severe and multi-layered revenue management challenges. Despite its metropolitan status, the municipality has reported rising levels of consumer debt, nearly R3 billion by 2023 and declining revenue collection ratios that threaten its ability to deliver essential services (Buffalo City Metro, 2023).

These fiscal deficiencies are compounded by internal inefficiencies, such as poor debtor profiling, underutilisation of digital revenue systems, and the persistent failure to maintain an accurate and updated indigent register. Political interference further destabilises the environment, particularly during election cycles when councillors are known to obstruct the enforcement of credit control measures for electoral gain (Rulashe & Ijeoma, 2022; Khiva, 2023). Audit outcomes over the past five years reinforce this troubling picture. The Auditor-General has consistently issued qualified audit opinions, citing weak internal controls, poor record-keeping, and widespread non-compliance with financial management regulations (AGSA, 2023). In 2022 alone, the National Council of Provinces (NCOP) reported more than R178 million in unauthorised and irregular expenditure in BCMM, raising serious concerns about governance failures and a lack of consequence management (NCOP, 2022). These failures are not only technical in nature but symptomatic of a deeper institutional malaise, where administrative dysfunction and fragmented leadership impede the municipality’s ability to sustain its revenue base.

External shocks, such as the COVID-19 pandemic and the 2022 Eastern Cape floods, have further exposed the fragility of BCMM's fiscal infrastructure. These events disrupted billing and collection activities, intensified public hardship, and diverted resources away from revenue-enhancing programmes (Daily Dispatch, 2022). In a context marked by high poverty, unemployment, and spatial inequality, the municipality's inability to sustain its own revenue base has eroded public trust and contributed to a growing culture of non-compliance among ratepayers. Overreliance on intergovernmental transfers has exacerbated this vulnerability, with BCMM's cash coverage ratio repeatedly falling below the National Treasury's recommended thresholds (National Treasury, 2023).

While existing research has documented revenue management failures across South African municipalities, there remains a significant gap in empirically grounded analyses that interrogate the complex interplay between institutional, behavioural, political, and technological determinants of revenue performance. Prior studies have largely focused on narrow technical compliance issues, without sufficiently accounting for the broader governance ecosystem within which municipal revenue systems function (Fjeldstad & Heggstad, 2012; Van Donk et al., 2008). This study responds to this gap by critically examining the internal and external factors that influence revenue management in BCMM, using a concurrent mixed-methods approach. The purpose of this study is fourfold: first, to examine the internal and external factors influencing effective revenue management in BCMM; second, to evaluate the impact of regulatory compliance on the municipality's revenue performance; third, to identify and assess the current revenue management approaches employed by the municipality; and finally, to propose a context-sensitive framework that enhances revenue collection and financial sustainability in BCMM and potentially other similarly situated South African municipalities.

The challenges confronting Buffalo City Metropolitan Municipality are not merely operational failures, they reflect a deeper erosion of democratic accountability and state-citizen trust at the local level. When municipalities struggle to bill accurately, collect revenue fairly, or maintain infrastructure reliably, the effects reverberate beyond balance sheets. Communities begin to disengage, compliance weakens, and service boycotts emerge not just as acts of defiance, but as expressions of disillusionment. As such, this study is not simply an audit of fiscal performance, it is an attempt to understand how the architecture of local governance either enables or constrains the municipality's ability to serve its residents with dignity, transparency, and consistency. In exploring the determinants of effective revenue management, the research seeks to contribute to a more just, responsive, and sustainable municipal system, one that is rooted not only in regulation but also in public trust and ethical stewardship.

2. Literature Review

2.1. Understanding Revenue Management in Municipal Contexts

Revenue generation in the public sector refers to the mobilisation of financial resources required to fund government activities and provide public goods and services. In the context of municipalities, this process is underpinned by statutory authority conferred through national legislation such as the Constitution (1996), the Municipal Finance Management Act (MFMA) No. 56 of 2003, and the Municipal Systems Act No. 32 of 2000. Local governments are empowered to impose property rates, user charges, and other service-related tariffs, and to collect these efficiently in support of their service delivery obligations (Fjeldstad & Heggstad, 2012). Municipal revenue sources are typically classified into two categories: own revenue sources and intergovernmental transfers. Own sources include property rates, service charges for electricity, water, sanitation, refuse removal, traffic fines, and rental income. These revenues are critical because they afford municipalities a degree of fiscal autonomy and flexibility (National Treasury, 2023).

However, many South African municipalities, including Buffalo City Metropolitan Municipality (BCMM), remain heavily reliant on conditional and unconditional grants from the national and provincial governments, thereby reflecting structural weaknesses in revenue collection systems (AGSA, 2023; Van Donk et al., 2008). Revenue collection, distinct from revenue generation, refers to the actual administration of billing, invoicing, tracking of arrears, credit control, and recovery actions. Efficient collection is essential to translating potential income into usable fiscal resources. As observed by Murimi and Wadongo (2021), many local authorities in the Global South face systemic challenges in collection due to outdated systems, poor debtor management, politicised enforcement, and public resistance to payment. Revenue management in the municipal context is defined as the strategic and operational processes through which a municipality plans, generates, collects, monitors, and accounts for revenues necessary to fulfil its service delivery mandate. As Gönsch (2017) notes, it is not a mere accounting function but a multidimensional governance activity that involves the interplay between institutional systems, legal compliance, community behaviour, and technological platforms.

Effective municipal revenue management rests on a sequenced set of functions that work together to secure predictable cash flows and support service delivery. It begins with revenue planning, where income is forecast in light of service demand, demographic trends, tariff settings and broader economic conditions; credible forecasts guide budgeting choices, infrastructure investment and debt management (Bandalouski et al., 2018). These plans depend on reliable billing and invoicing systems that capture consumption accurately, generate correct bills and deliver them to ratepayers; weak systems frequently trigger disputes, non-payment and leakage (Khiva, 2023). Credit control and debt recovery then translate policy into practice through measures to address arrears, such as disconnections, legal processes and negotiated settlements, although in politically sensitive contexts like BCMM, such enforcement is often uneven (Rulashe & Ijeoma, 2022). Continuous monitoring and reporting, supported by real-time analytics, performance indicators and sound internal controls, track collection trends and institutional performance, enabling transparent oversight and timely managerial decisions (Cloete & Ajam, 2011). Finally, stakeholder engagement remains essential: clear communication builds public trust, encourages voluntary compliance and helps residents understand tariffs and their link to service delivery outcomes (Pretorius & Schurink, 2007). Effective revenue management is anchored in three key normative principles, i.e. equity, sustainability, and administrative efficiency. These principles, although not always mutually reinforcing, provide a foundation for designing revenue systems that are socially just, fiscally responsible, and institutionally credible. Equity refers to the fair distribution of the tax burden and access to services. Horizontal equity ensures that people in similar economic circumstances are treated equally, while vertical equity requires that those with higher incomes contribute proportionally more. In South Africa's post-apartheid municipalities, equity also involves spatial redress and subsidisation of indigent households (Kanyane, 2014; Republic of South Africa, 1996). However, inequities persist due to poorly maintained indigent registers and blanket approaches that do not differentiate between informal and formal income earners (Khiva, 2023).

Sustainability refers to a municipality's ability to consistently mobilise adequate resources without triggering social or economic disruption. This requires diversified income streams, consistent enforcement, and cost-reflective yet affordable tariffs (Fjeldstad & Heggstad, 2012). BCMM struggles in this regard due to a weak economic base, high unemployment, and institutional inefficiencies. Administrative efficiency, on the other hand, relates to the municipality's capacity to collect revenue in a timely, cost-effective manner, minimising leakage and fraud while aligning revenue with expenditure needs. However, outdated ICT systems and skills shortages continue to undermine these efforts (AGSA, 2023; National Treasury, 2023). Effective revenue management demands both technical competence and a governance approach sensitive to local political, institutional, and socio-economic contexts. It is not merely about compliance, but about strategic transformation rooted in equity, sustainability, and administrative integrity.

Table 1. Key Constructs and Analytical Variables in Revenue Management

Independent Variables Shaping Revenue Outcomes	
Institutional Capacity	Institutional capacity refers to a municipality's ability to organise, coordinate, and manage the internal systems required to deliver on its mandate. This includes staffing competencies, governance structures, administrative systems, and financial controls. The lack of capacity is consistently cited as a critical bottleneck in South African municipalities, with the Auditor-General (2023) reporting that only 38 out of 257 municipalities achieved clean audits, largely due to skills shortages and leadership instability. In Buffalo City Metropolitan Municipality (BCMM), such capacity constraints have resulted in a backlog in billing updates, delayed revenue recovery processes, and weak internal controls (Khiva, 2023).
ICT Infrastructure	Digital technologies, when effectively deployed, offer a strategic lever for improving revenue collection through enhanced billing accuracy, automated processes, and citizen engagement. However, in many municipalities, including BCMM, legacy systems persist, and integration between departments remains poor. The Department of Cooperative Governance (2023) has raised concerns about municipalities failing to modernise ICT systems, with some still reliant on manual data entry, which increases the risk of error and manipulation. Recent evidence suggests that municipalities using integrated revenue collection platforms (e.g., e-services) demonstrate better payment rates and reduced complaints.
Political Interference	Political interference in municipal revenue management remains a pervasive issue, particularly in the enforcement of credit control. Local councillors often discourage disconnections or legal action against defaulters, particularly during election cycles, to maintain voter support. This creates a perception of impunity and discourages compliance (Fuo, 2022). In BCMM, political interference has directly undermined credit control policy implementation, particularly in low-income wards where service boycotts have become more frequent.
Debt Enforcement Mechanisms	The effective application of debt enforcement, such as issuing final demand notices, disconnecting services, or instituting legal action, is critical for revenue recovery. Weak enforcement is one of the leading causes of ballooning municipal debt books. National

	Treasury (2023) reported that consumer debt to municipalities stood at R306.7 billion by mid-2023, with more than 70% deemed unrecoverable. BCMM's limited enforcement success stems partly from outdated debtor databases and poorly maintained indigent registers, which complicate decisions on who should be exempted or targeted (Khiva, 2023).
Dependent Variable: Revenue Management Effectiveness	
The dependent variable in this study is revenue management effectiveness, which refers to the degree to which a municipality is able to generate, collect, and safeguard revenue in a manner that supports service delivery, fiscal sustainability, and legal compliance. It encompasses collection rates, billing efficiency, debtor recovery, and audit performance. BCMM, for instance, has demonstrated declining effectiveness over the past five years. Despite formal compliance with the MFMA, its collection ratio has deteriorated, and its reliance on national transfers has increased, undermining fiscal autonomy. The 2023 AGSA report cites poor consequence management and a lack of real-time monitoring systems as core reasons for poor revenue outcomes in BCMM.	
Moderating Variables: Citizen Trust and Socio-Economic Conditions	
Citizen Trust and Accountability Perceptions	Trust is a crucial enabler of voluntary compliance in revenue collection. Where residents perceive value for money, fair treatment, and responsive governance, payment rates tend to improve. Research by Dube and Casale (2023) shows that municipalities with transparent communication and participatory budgeting processes experience lower resistance to service charges. In contrast, BCMM's history of contested billing, audit queries, and service protests has weakened public confidence in its financial governance.
Socio-Economic Conditions and Affordability	High unemployment and poverty, particularly in the Eastern Cape, severely constrain the revenue base. According to Stats SA (2023), the province had the highest expanded unemployment rate at 52.3%. Many households in BCMM are either unemployed or employed informally, which affects their ability to consistently pay for services. Furthermore, failure to regularly update indigent registers has led to blanket approaches that exempt some capable payers while excluding the truly vulnerable (National Treasury, 2023; Khiva, 2023).

Source: Authors' Constructions (2025)

Understanding revenue management effectiveness in municipalities such as Buffalo City Metropolitan Municipality (BCMM) requires unpacking the intricate relationships between organisational capacity, political context, technology, citizen behaviour, and socio-economic realities. These dynamics are conceptualised through three tiers: independent variables (institutional capacity, ICT infrastructure, political interference, and debt enforcement), the dependent variable (revenue management effectiveness), and moderating factors (citizen trust and socio-economic context) that influence how the others interact. At the operational level, institutional capacity is foundational to municipal performance. It encompasses staffing competencies, administrative systems, leadership stability, and governance culture. However, in municipalities like BCMM, institutional capacity is often weakened by endemic managerial dysfunction, unclear accountability structures, and resistance to organisational change (Khiva, 2023). Miggels and Rulashe (2022) highlight that without adaptive organisational change and leadership transformation, even well-designed systems and policies remain inert. In BCMM, a lack of institutional reform has contributed to delayed billing processes, misaligned financial controls, and overall inefficiencies in the revenue chain.

ICT infrastructure, while often seen as a technical solution, is deeply interdependent with institutional capacity. Modern systems should enable accurate billing, data integration, and performance monitoring. However, where institutional will and skills are lacking, as seen in BCMM, technological upgrades are underutilised or poorly maintained. The Department of Cooperative Governance (2023) warns that digital underdevelopment has left many municipalities reliant on obsolete platforms, exposing them to billing errors, data loss, and manipulation risks. In BCMM, weak ICT systems have exacerbated public dissatisfaction and impaired revenue collection. Intertwined with these institutional constraints is the persistent challenge of political interference, particularly in the enforcement of credit control measures. In BCMM, councillors often intervene to shield non-paying constituents, especially during election periods, undermining administrative consistency and reinforcing a culture of non-compliance (Fuo, 2022). This politicisation of enforcement distorts institutional efforts and creates contradictions between revenue policies and their implementation on the ground.

It also compromises public trust, a key moderating variable, further weakening compliance and eroding the legitimacy of the municipality's financial governance. Debt enforcement mechanisms, though theoretically in place, are rendered ineffective when institutions lack capacity, systems are outdated, and political will is fragmented. In BCMM, enforcement efforts are constrained by incomplete debtor databases, outdated indigent registers, and poor follow-through on recovery processes (National Treasury, 2023). This has led to an expanding debtor book, with over R3 billion reportedly uncollected, much of which is considered irrecoverable. The dependent variable, revenue management effectiveness, is thus not determined by any single factor but rather by the cumulative interaction of the above. Effectiveness entails not just the amount of revenue collected, but also the consistency, fairness, and transparency of processes used to achieve it. In BCMM, even where frameworks such as the MFMA are in place, performance continues to decline due to uncoordinated systems, poor leadership accountability, and reactive financial planning (AGSA, 2023).

Compounding these internal dynamics are critical moderating variables, citizen trust and the socio-economic context that shape how institutional and political inputs translate into outcomes. Citizen trust is not simply a result of service delivery but a reflection of perceptions around fairness, accountability, and voice. As Dube and Casale (2023) argue, municipalities that communicate transparently and engage meaningfully with communities tend to enjoy higher compliance. In contrast, BCMM's history of contested billing and governance failures has significantly undermined public confidence, fueling resistance and service boycotts. Moreover, socio-economic constraints, including high unemployment, informal livelihoods, and persistent poverty, undermine the ability of households to pay for services. In the Eastern Cape, where BCMM is located, the unemployment rate remains among the highest in the country (Stats SA, 2023). Without accurate and frequently updated indigent registers, BCMM struggles to differentiate between those who cannot pay and those who choose not to, thereby weakening the equity and efficiency of debt recovery processes.

These variables are not isolated; they are interlocked in reinforcing loops. Weak institutional capacity hinders system upgrades and renders enforcement inconsistent. Political interference disrupts both enforcement and institutional autonomy. These, in turn, fuel citizen mistrust, which, when combined with socio-economic precarity, further depresses payment compliance. The result is a systemic governance crisis where technical fixes fail because the underlying political and institutional architecture remains unchanged. This study argues that any attempt to improve municipal revenue management must therefore adopt an integrated, context-sensitive approach. It is not enough to digitise billing or revise credit control policies in isolation. What is needed is simultaneous reform across institutional structures, political behaviour, and community relations anchored in strong leadership, data governance, and ethical accountability (Miggels & Rulashe, 2022). Revenue management within the public sector has evolved from a narrow fiscal function to a multidimensional governance imperative. This shift is evident in both international literature and the findings of this study, which critically explores the internal and external determinants of revenue management effectiveness in Buffalo City Metropolitan Municipality (BCMM). The research confirms what scholars such as Ogbe and Lujala (2021) and Bird and Zolt (2008) have long argued: that institutional capacity, data integrity, political autonomy, and citizen engagement are not peripheral to revenue outcomes they are foundational. The centrality of institutional capacity is consistently reinforced in this study.

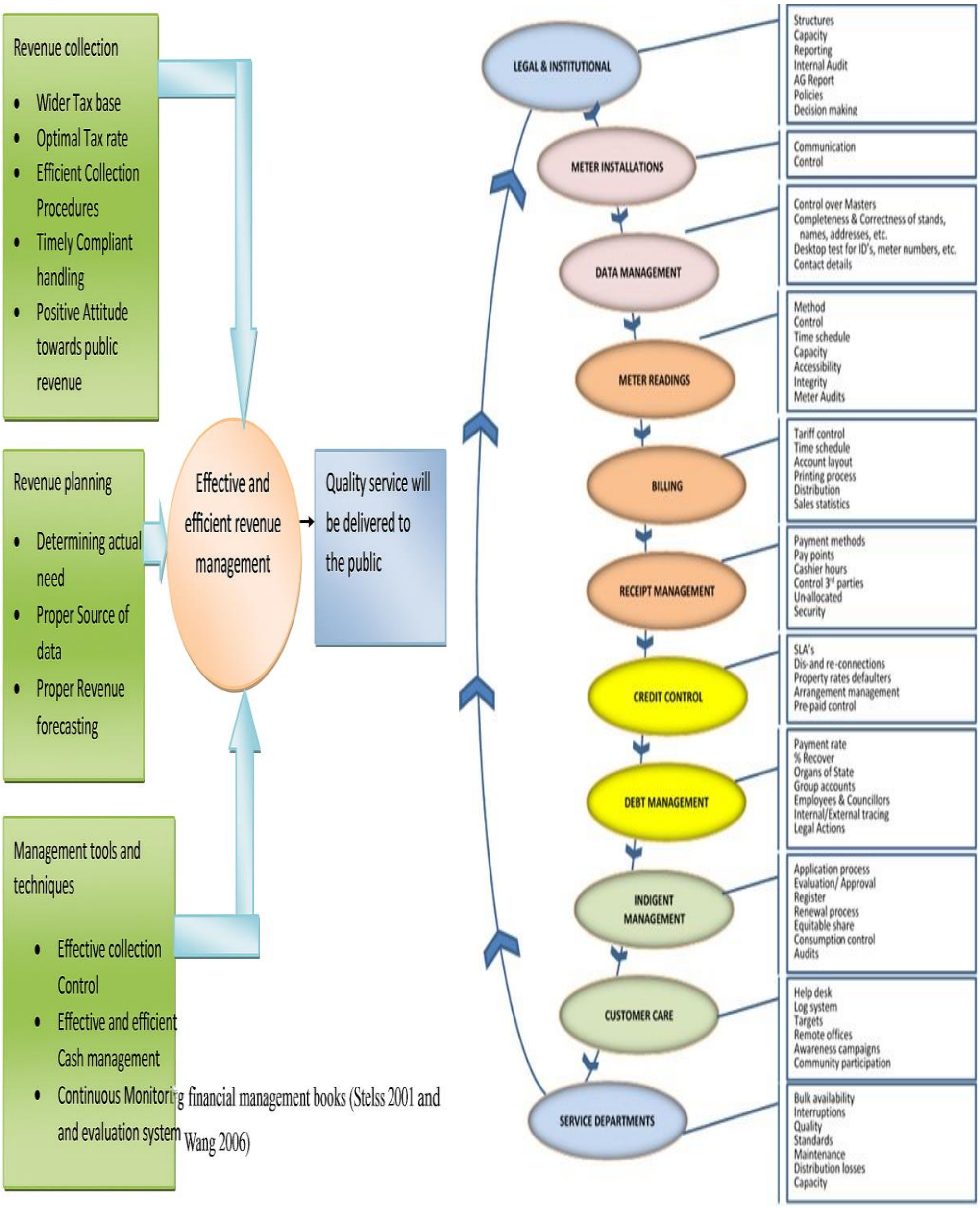

Figure 1. Determinants of Revenue Management & Public Sector Revenue Management

Source: Adapted from Ogbe and Lujala (2021) and Sainaghi (2020)

As demonstrated through the empirical data gathered in BCMM, fragmented systems, skills deficits, and operational bottlenecks compromise billing accuracy, delay credit control interventions, and weaken the enforcement of debt recovery mechanisms. These findings are echoed in the work of Fjeldstad and Heggstad (2012), who note that without coherent administrative structures and accountability regimes, even well-designed revenue policies fail in practice. The 2023 AGSA audit report further illustrates how poor consequence management and unstable leadership in municipalities such as BCMM undermine sustainable revenue performance, supporting the view that institutional failure is at the heart of local government finance dysfunction.

A second critical determinant is data integrity and forecasting capacity. In BCMM, the persistence of outdated property valuation rolls, inconsistent indigent registers, and unreliable debtor profiles renders revenue forecasting speculative at best. This aligns with De Renzio's (2013) warning that inaccurate fiscal projections contribute to persistent under-collection and loss of credibility in budgeting processes. While the integration of Geographic Information Systems (GIS), dashboard analytics, and automated billing holds transformative potential, as noted in USAID (2021), this thesis affirms that technological tools alone do not resolve deeper institutional weaknesses. Without trained personnel, interoperable systems, and data governance protocols, digitisation risks becoming superficial. The study also surfaces political interference as a dominant external constraint. Evidence from BCMM shows that revenue enforcement is often selectively applied, particularly during election cycles, when councillors intervene to prevent disconnections or legal action against politically sensitive constituencies. This behaviour illustrates what Smoke (2000) describes as elite capture of fiscal instruments, whereby political actors subvert administrative autonomy for electoral gain. Reddy and Naidu's (2012) observation that municipal debt recovery in South Africa is frequently stalled by political considerations is strongly supported by this case. The study therefore reinforces the argument that fiscal reform must engage the political economy of municipalities, not just their financial systems. Proposals for autonomous municipal revenue units or empowered public accounts committees find relevance in this regard. Moreover, citizen trust and behavioural responses emerge in this study as key moderating factors shaping compliance. As Fjeldstad and Moore (2009) argue, the legitimacy of taxation and, by extension, municipal service charges is predicated on perceptions of procedural fairness, transparency, and reciprocity. In BCMM, contested billing, opaque credit control decisions, and poor responsiveness to complaints have eroded public willingness to pay. Sainaghi's (2020) parallel from the private sector that perceived value and service quality drive customer loyalty is pertinent here. The study demonstrates that where communities feel neglected or where services are irregular, evasion becomes a rational response rather than defiance.

The discussion further affirms the enabling but insufficient role of technology. As municipalities like BCMM invest in billing platforms, e-payment systems, and data integration tools, the promise of improved efficiency is often undercut by weak institutional uptake and poor change management. Bahl and Bird's (2008) critique of technocratic reform bias is validated by BCMM's experience: without parallel investment in human capacity, leadership accountability, and maintenance financing, digital reforms become unsustainable. Worse, they may mask underlying dysfunction or shift failure from one part of the system to another. In synthesising these dynamics, the thesis supports the argument that public sector revenue management must be understood as a governance process, not simply a financial task. The determinants outlined, ranging from institutional and technical to political and behavioural, are mutually reinforcing. When institutional capacity is weak, data is unreliable, enforcement is politicised, and trust is low, revenue systems become both ineffective and illegitimate. As Ogbe and Lujala (2021) and Prichard (2015) suggest, fiscal legitimacy depends not just on extraction but on the social contract between the state and its citizens.

This contract is built not through coercion but through transparency, participation, and visible returns on revenue collected. Ultimately, the BCMM case illustrates that durable revenue reform must adopt a systemic approach, one that integrates institutional restructuring, political insulation, citizen engagement, and adaptive technology. Revenue management cannot be merely about plugging deficits; it must be reconceived as a developmental strategy anchored in governance, legitimacy, and the equitable allocation of public value. This thesis, therefore, contributes to a growing body of scholarship that urges policymakers to move beyond fiscal technicism and embrace a holistic, politically aware, and institutionally grounded model of municipal revenue reform.

2.2. A Global Perspective

Revenue mobilisation in developing contexts presents persistent challenges related to institutional capacity, compliance culture, and policy coherence. Comparative experiences from countries like Kenya, Nigeria, and India offer instructive lessons. In Kenya, initiatives such as digitised land tax systems have improved compliance, but institutional fragmentation and limited enforcement capacity remain significant barriers (World Bank, 2020). Similarly, Nigeria's decentralised revenue system suffers from elite capture and uneven administrative performance across subnational units (Okonjo-Iweala, 2021), while India's integration of property tax GIS systems has shown promise but remains constrained by outdated valuation rolls and political resistance (Rao, 2018). These cases highlight the potential of digital tools and decentralised reforms but also reveal their limitations when introduced in weak institutional contexts. Furthermore, global experiences with participatory budgeting and decentralisation, particularly in Brazil and Indonesia, have shown that where local governments involve citizens meaningfully in fiscal decisions, trust and compliance improve (Wampler, 2010). However, in the absence of accountability mechanisms, decentralisation can entrench local patronage networks, weakening revenue performance. These insights foreground the importance of aligning fiscal reforms with democratic accountability and administrative capacity, an issue mirrored in South Africa's local governance landscape.

Several national studies highlight structural and governance barriers across metropolitan municipalities. Research on the City of Tshwane, Mangaung, and Nelson Mandela Bay points to chronic underperformance in billing systems, poor maintenance of indigent registers, and inconsistent application of credit control measures (Reddy & Naidu, 2012). In Tshwane, political interference has been cited as a reason for the suspension of disconnection policies during election cycles, eroding institutional credibility. Mangaung's experience further illustrates how weak interdepartmental coordination undermines revenue recovery, while Nelson Mandela Bay exhibits institutional inertia despite the formal adoption of revenue improvement strategies. Collectively, these studies emphasise how technical inefficiencies are often symptoms of deeper institutional and political dysfunctions.

Regionally, studies specific to the Eastern Cape provide valuable, though limited, insights. Rulashe and Ijeoma (2022) highlight the breakdown of accountability mechanisms in Buffalo City, leading to citizen disengagement and low compliance. Pieters (2019), in his study on Eastern Cape municipalities, emphasises administrative fragmentation and underfunded revenue departments as barriers to effective service delivery. Khiva (2023), whose work this thesis builds upon, identifies gaps in leadership continuity, politicisation of enforcement, and failure to update billing systems as central to BCMM's revenue crisis. These studies converge on a theme of institutional and managerial weakness but stop short of offering integrated frameworks that capture the interrelation between governance, citizen behaviour, and fiscal performance.

A critical review of the existing literature reveals three main gaps. First, most studies adopt single-theory lenses, such as public choice or technical efficiency models, overlooking the institutional dynamics that underpin revenue practices. This study addresses this by applying Institutional Theory alongside complementary governance frameworks to interpret BCMM's challenges. Second, there is a limited use of mixed-methods approaches that blend qualitative and quantitative data to reveal both systemic and experiential dimensions of the revenue crisis. Third, despite the frequency of audit reports and national diagnostic reviews, there is no empirically grounded, context-specific framework for revenue management tailored to BCMM's institutional, political, and socio-economic realities. This study, therefore, fills a critical gap by offering a triangulated, theory-informed analysis and proposing a bespoke framework for improving revenue governance in the municipality.

3. Theoretical Framework

The study on revenue management in Buffalo City Metropolitan Municipality (BCMM) highlights a complex landscape of administrative inefficiencies, political interference, and systemic non-compliance, despite the formal presence of advanced legislative frameworks such as the Municipal Finance Management Act (MFMA) and Municipal Systems Act. Institutional Theory provides a compelling analytical lens through which to interpret these governance failures, not as isolated technical shortcomings but as reflections of deeper structural and normative dysfunctions within the institutional fabric of local government. The empirical findings of the study reveal that BCMM exhibits many of the hallmarks of institutional decoupling: formal revenue policies, indigent registers, and audit responses exist on paper but are poorly implemented in practice. This aligns with the theoretical argument advanced by DiMaggio and Powell (1983), which posits that organisations often adopt reforms symbolically to comply with external audit or political pressures, without embedding them into operational routines. For instance, while BCMM has a documented revenue enhancement strategy, it lacks clear performance indicators, a dedicated implementation unit, or integration with updated debtor data systems (Khiva, 2023). This suggests a performative rather than substantive approach to reform what Institutional Theory identifies as isomorphic mimicry.

The widespread underperformance in revenue collection at BCMM, despite repeated Auditor-General interventions, is indicative of an institutional environment where rules are not internalised by actors nor supported by coherent enforcement systems. North's (1990) assertion that institutions are "the rules of the game" resonates here: at BCMM, those rules remain fragmented, inconsistently applied, and heavily influenced by informal norms such as political patronage and electoral opportunism. The study documents cases where councillors interfere with credit control procedures to shield politically sensitive constituencies from disconnections, undermining both policy credibility and enforcement consistency. Institutional Theory interprets this as a consequence of institutional voids, where the absence of embedded norms allows discretionary power to override formal regulations. Furthermore, the study's findings regarding BCMM's outdated ICT systems and low uptake of digital solutions demonstrate the Institutional Theory's critique of technocratic determinism. The deployment of digital billing platforms and revenue analytics in BCMM has not yielded the intended improvements, largely because the municipality lacks the institutional capacity to maintain systems, train users, or ensure interdepartmental coordination.

This supports Bahl and Bird's (2008) contention that technology cannot substitute for governance. In BCMM, the attempted digital transformation of revenue functions has failed to gain traction precisely because it was introduced in a context of institutional fragility and weak internal accountability. Historical institutional legacies further compound the problem. BCMM, like many South African municipalities, inherited fragmented valuation rolls, manual billing systems, and a politicised service delivery culture. These path dependencies shape current behaviours and attitudes toward revenue collection, particularly in older townships and informal settlements where payment resistance is often a continuation of historical grievance (Miggels & Rulashe, 2022). Institutional Theory helps explain how such path dependence locks municipalities into suboptimal practices, even in the face of legislative reform. The conceptual framework in the thesis, which positions institutional capacity, ICT infrastructure, political interference, and debt enforcement as core independent variables, further validates the institutionalist view. These factors are not merely functional; they are institutional expressions of how authority, knowledge, and norms are organised within the local government system.

The observed weak enforcement of debt recovery at BCMM is not due solely to technical flaws but reflects an institutional culture in which non-payment is tolerated, enforcement is politically manipulated, and revenue systems operate with low legitimacy.

Moreover, citizen trust and socio-economic conditions, introduced in the study as moderating variables, are key to understanding the feedback loop that Institutional Theory makes visible. Where citizens perceive the municipality as procedurally unjust or unaccountable, trust erodes, compliance drops, and enforcement becomes more contested. The theory explains how institutions lose legitimacy when they fail to demonstrate impartiality, responsiveness, and consistency, attributes that are clearly deficient in BCMM's current revenue environment. In sum, Institutional Theory provides the necessary analytical depth to understand why BCMM continues to face chronic revenue management failures despite formal compliance with national legislation. It reframes these challenges not as gaps in policy but as indicators of institutional misalignment, fragmentation, and symbolic reform. For BCMM and similar municipalities, sustainable reform will require more than new revenue strategies or digital upgrades; it will demand institutional transformation. This includes depoliticising revenue enforcement, professionalising financial management, aligning formal structures with operational practices, and promoting a governance culture rooted in accountability, legitimacy, and procedural fairness.

4. Research Methods

This study employed a concurrent mixed-methods research design, enabling the simultaneous collection and analysis of both qualitative and quantitative data. The mixed-methods approach was selected to enhance the depth, credibility, and validity of the findings by allowing for triangulation and complementarity between numerical trends and lived experiences (Creswell & Plano Clark, 2018). A concurrent triangulation design was used, where both strands of data were collected during the same phase of the research and given equal priority. This design was chosen to capture the multifaceted nature of revenue management challenges in Buffalo City Metropolitan Municipality (BCMM), which involve institutional, behavioural, and political dimensions. Structured questionnaires were administered to a purposive sample of 120 municipal officials and revenue practitioners across various departments within BCMM. The survey instrument was designed to capture perceptions on institutional capacity, ICT infrastructure, political interference, and enforcement mechanisms. Data were analysed using descriptive statistics (frequencies, means, and standard deviations) and inferential statistics, including correlation analysis and multiple regression, to explore the relationships between independent variables and revenue management effectiveness (Bryman, 2016).

The qualitative strand involved 12 semi-structured interviews with key informants, including finance managers, councillors, billing officers, and public accounts committee members. Purposive sampling was used to ensure inclusion of individuals with strategic insight into the revenue governance processes of the municipality. Thematic analysis, as described by Braun and Clarke (2006), was employed to identify, code, and interpret patterns emerging from the qualitative data. This enabled the researcher to interrogate the socio-political and institutional dynamics underpinning revenue management. Data integration occurred during interpretation, where findings from the qualitative interviews were triangulated with the survey results. This approach ensured cross-validation and improved the credibility of the conclusions (Tashakkori & Teddlie, 2010). Converging evidence from both data strands allowed for a more robust understanding of revenue challenges in BCMM. Ethical clearance was obtained from the relevant university research ethics committee. All participants were provided with informed consent forms, and anonymity and confidentiality were maintained throughout the research process.

5. Findings and Discussion

This segment presents the empirical findings of the study, drawing on both the quantitative and qualitative data collected from the Buffalo City Metropolitan Municipality (BCMM). The findings are organised thematically and aligned to the study's objective of identifying the key institutional, technical, and socio-political determinants influencing municipal revenue management. The use of a concurrent mixed-methods design allowed for the integration of statistically grounded insights from survey responses with deeper interpretive accounts derived from interviews with municipal officials and strategic stakeholders. This dual approach provides a comprehensive understanding of revenue governance in BCMM by validating observable trends with experiential and contextual narratives.

The analysis reveals a confluence of factors that affect revenue collection effectiveness, including institutional capacity constraints, outdated technology systems, political interference in enforcement, and declining public trust. While quantitative data highlight the prevalence and strength of these factors, the qualitative narratives offer critical explanations for how and why these challenges persist within BCMM's organisational setting. The section that follows distils these findings into four major themes, each supported by evidence from both data strands and triangulated with relevant literature and theoretical constructs.

Table 2. Study Themes

	Identified Theme
Theme 1	Institutional Capacity as a Primary Determinant
Theme 2	ICT Infrastructure and Billing Accuracy
Theme 3	Political Interference Weakens Credit Control Enforcement
Theme 4	Fragmented Indigent Registers and Trust Deficit

Source: Author Construction (2025)

5.1. Institutional Capacity as a Primary Determinant

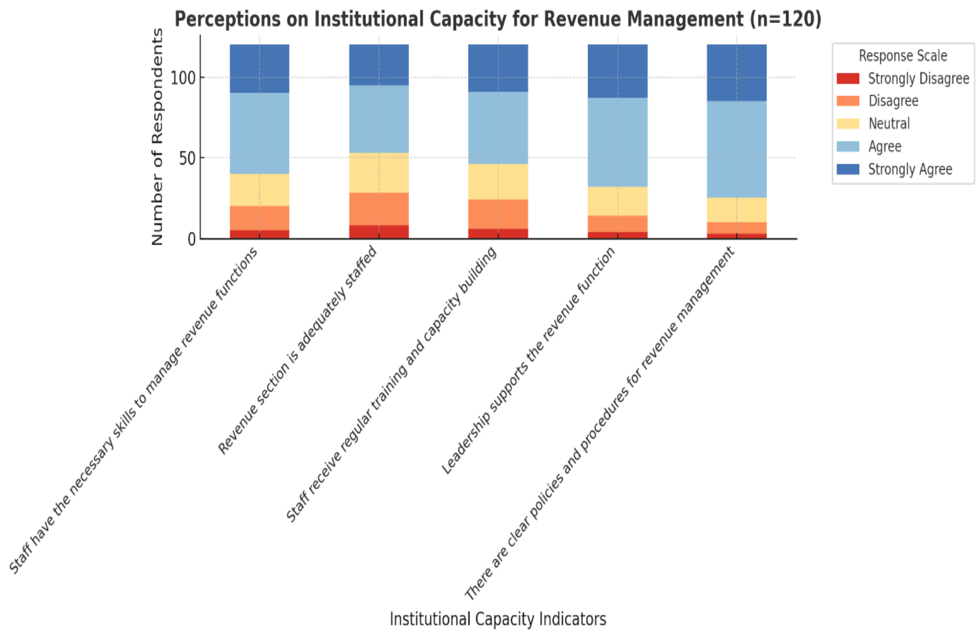

Figure 2. Institutional Capacity Indicators

The statistical findings presented in the graph and analysed reveal a nuanced picture of institutional capacity within Buffalo City Metropolitan Municipality (BCMM), particularly as it relates to revenue management effectiveness. Across all five indicators, the average Likert scores range between 3.47 and 3.98, suggesting moderate to high agreement, yet not without areas of concern. The highest-rated item, “There are clear policies and procedures for revenue management”, achieved a mean score of 3.98, with 79.2% of respondents either agreeing or strongly agreeing. This suggests a high level of awareness and possibly even availability of formal institutional frameworks. However, Institutional Theory, particularly the concept of institutional decoupling (DiMaggio & Powell, 1983), reminds us that the mere existence of procedures does not equate to their effective implementation. It is entirely possible for policies to be symbolic or ceremonial, adopted to meet compliance requirements without being fully embedded in daily operational practice.

More telling, perhaps, is the relatively lower performance of the indicator “Revenue section is adequately staffed”, which garnered a mean score of just 3.47, with 23.3% of respondents expressing disagreement. This aligns with recurring findings in South African municipal audits. According to the Auditor-General of South Africa (2023), staffing and skills deficits remain one of the most cited reasons for poor audit outcomes and weak service delivery. BCMM appears to be no exception; limited human resources in the revenue division can delay account processing, compromise billing accuracy, and hinder enforcement activities. This concern is reinforced by the data on “Staff have the necessary skills” (mean score = 3.71) and “Staff receive regular training” (3.61). While these indicators reveal a slight majority agreeing that skills and training are present, the combined 20%–25 % disagreement or neutrality reflects a significant confidence gap. As Bird and Zolt (2008) and Fjeldstad and Heggstad (2012) argue, effective revenue mobilisation depends not just on structures but on skilled, motivated personnel capable of interpreting and executing financial regulations with precision.

From a theoretical standpoint, these observations resonate strongly with the work of Scott (2014) and North (1990), who highlight that institutional success depends not only on formal rules but on their internalisation by actors, consistency of enforcement, and alignment with organisational culture. In BCMM’s context, where some staff may be under-trained or overburdened, institutional rules may be applied inconsistently, leading to procedural ambiguity and reduced revenue efficiency. Lastly, the relatively high score for “Leadership supports the revenue function” (mean = 3.86) is noteworthy. It reflects that respondents perceive an enabling political or managerial will at the top. Yet, as noted in Miggels and Rulashe (2022), leadership support must be matched by structural transformation and resource allocation to yield meaningful improvements. Support in principle must translate into strategic hiring, professionalisation, and investment in capacity-building programmes. While institutional scaffolding may exist within BCMM, its operationalisation remains patchy. Strengthening institutional capacity will require more than policy presence it calls for sustained investment in human capital, decentralised decision-making, and organisational learning cultures that reinforce compliance and performance at all levels.

Table 3. Institutional Capacity Indicators

Influencing Factor	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
The municipality requires resources availability	75.31%	22.22%	2.47%	0.00%	0.00%
Effective technological infrastructure	72.84%	23.46%	1.23%	2.47%	0.00%
Staff skills and competencies	71.60%	25.93%	1.23%	1.23%	0.00%
Revenue Management Pricing	48.75%	30.00%	6.25%	10.00%	5.00%
Revenue Marketing Strategies and Opportunities	53.09%	32.10%	4.94%	6.17%	3.70%
Inventory Revenue Management Systems	32.10%	28.40%	11.11%	17.28%	11.11%
Revenue Management policies and implementation	74.07%	23.46%	1.23%	1.23%	0.00%

The data confirms that institutional capacity remains the linchpin of effective revenue management in Buffalo City Metropolitan Municipality (BCMM). Over 97% of respondents identified resource availability, technological infrastructure, and staff competencies as essential to revenue outcomes. These factors directly reflect the structural capabilities of an institution, its people, systems, and tools, which, according to Scott (2014) and North (1990), are the foundational enablers of institutional performance. While there is broad agreement (74.07%) on the existence of revenue policies, the sharp drop in confidence around inventory systems (only 32.10% strongly agree) and strategic pricing or marketing (below 55%) points to a gap between policy presence and execution. This supports the concept of institutional decoupling (DiMaggio & Powell, 1983), where formal procedures exist, but operational systems like billing platforms or staff training are underdeveloped or fragmented.

In BCMM's case, these structural constraints weaken enforcement, compromise billing integrity, and diminish citizen confidence, undermining the institution's legitimacy. As shown in the data, technical readiness without systemic integration limits the municipality's ability to translate frameworks into fiscal performance, echoing the Auditor-General's (2023) concerns about governance inertia. In sum, institutional capacity in BCMM is both a determinant and a bottleneck, with its weaknesses explaining much of the underperformance in revenue mobilisation, even where policy intent is clear.

5.2. ICT Infrastructure and Billing Accuracy

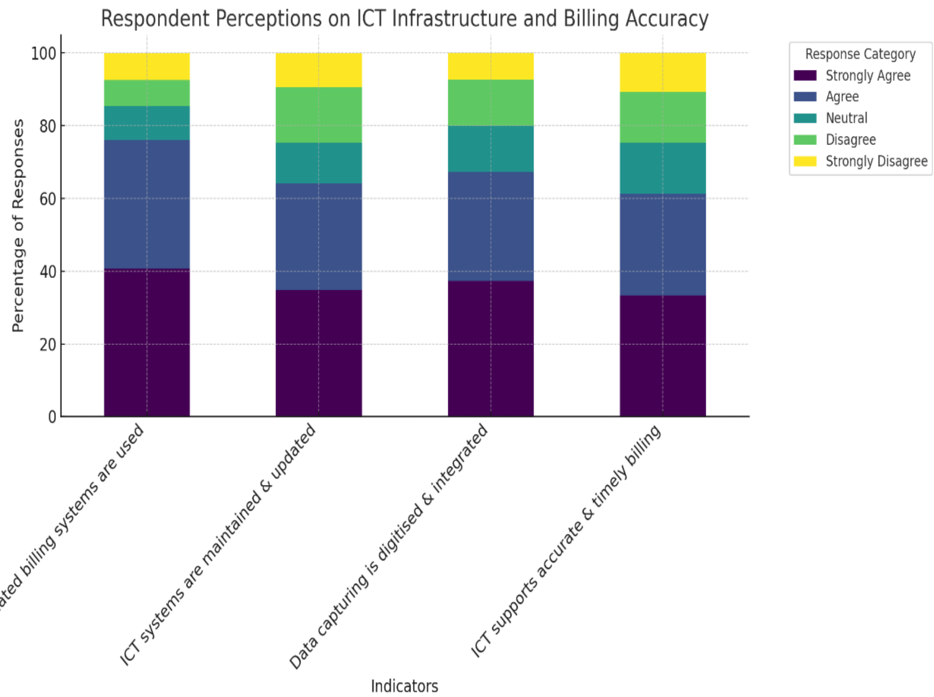

Figure 3. Respondent Perceptions on ICT Infrastructure and Billing Accuracy

The quantitative data reveal a moderate but significant level of confidence among BCMM officials regarding the role of ICT infrastructure in enabling effective revenue management. Notably, 40.7% strongly agreed and 35.3% agreed that automated billing systems are in use. This suggests that automation is present within the revenue division, but the remaining third of respondents express varying levels of doubt or neutrality, signalling incomplete adoption or inconsistent system performance. Similarly, only 34.7% strongly agreed that ICT systems are regularly maintained and updated, with over 24% expressing disagreement or strong disagreement. This speaks to weak systems maintenance, which undermines system reliability and adaptability issues highlighted by the Department of Cooperative

Governance (2023) and consistent with the findings of Ogbe and Lujala (2021), who stress the risks of "technology without capacity."

The item on digitised and integrated data capturing reflects similar tensions. While 67.3% of respondents view this positively (strongly agree + agree), 20% expressed disagreement, which could point to persistent fragmentation between departments and legacy systems. This is particularly problematic for municipalities like BCMM, where accurate, real-time billing depends on coordinated data inputs across valuation, metering, and finance units (Bahl & Bird, 2008). In terms of accurate and timely billing, only 61.3% of respondents had positive views (strongly agree + agree), while a notable 24.7% disagreed. This response aligns with earlier audit concerns that billing inaccuracies, delays, and citizen disputes continue to plague municipal finance operations in the Eastern Cape (AGSA, 2023; Rulashe & Ijeoma, 2022). From an Institutional Theory lens, this mixed perception reflects the classic problem of institutional decoupling (DiMaggio & Powell, 1983), where ICT tools are introduced to symbolically align with reform expectations, but without the internal routines, capacities, and maintenance systems necessary for their full operationalisation. As North (1990) and Scott (2014) emphasise, effective institutions depend not only on formal structures but also on embedded practices and norms, both of which appear uneven in BCMM's ICT infrastructure.

Table 4. ICT Readiness and Billing Integrity in Municipal Finance

Regulatory Compliance	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Risk-based verification programs	51.25%	41.25%	6.25%	0.00%	1.25%
Taxpayer education and assistance programs	56.79%	37.04%	3.70%	2.47%	0.00%
Simple laws and procedures	69.14%	25.93%	2.47%	2.47%	0.00%
Reporting and monitoring	65.43%	30.86%	0.00%	3.70%	0.00%
Continuous improvement	72.84%	22.22%	2.47%	2.47%	0.00%
Data collection and identification of compliance issues	72.84%	24.69%	2.47%	0.00%	0.00%
Identification of requirements	70.37%	25.93%	2.47%	1.23%	0.00%

The data shows strong internal confidence among municipal officials regarding the existence and utility of regulatory compliance mechanisms. Across key indicators, including continuous improvement (72.84% strongly agree), data-driven identification of compliance issues (72.84%), and reporting and monitoring systems (65.43%), respondents indicate that Buffalo City Metropolitan Municipality

(BCMM) has instituted a relatively robust compliance environment. From the perspective of Institutional Theory, this is emblematic of what Scott (2014) terms the regulative pillar of institutions, formal rules and oversight mechanisms intended to constrain and enable behaviour. Such mechanisms, including risk-based verification programs (51.25% strongly agree) and taxpayer education initiatives (56.79% strongly agree), are foundational to administrative legitimacy and public accountability (Peters, 2019; North, 1990). These findings also align with the work of Ogbe and Lujala (2021), who argue that fiscal transparency tools, especially when paired with participatory processes, promote both compliance and trust in public institutions.

The perceived simplicity of municipal revenue laws and procedures (69.14% strongly agree) reflects positively on BCMM's legal infrastructure. Literature on tax administration in developing contexts emphasises that complexity breeds evasion, whereas simplified procedures lower the barrier to compliance (Bird & Zolt, 2008; Bahl & Bird, 2008). This is particularly important in cities like East London, where informal economies dominate the revenue base. However, a critical reflection reveals that high internal ratings may mask operational shortcomings. While compliance instruments are seemingly in place, audit findings from the Auditor-General of South Africa (AGSA, 2023) continue to cite widespread non-compliance, lack of consequence management, and reporting failures across Eastern Cape municipalities. This contradiction reinforces the concept of institutional decoupling (DiMaggio & Powell, 1983), where formal reforms are adopted to conform to external expectations but fail to permeate day-to-day operations.

The literature also cautions against overreliance on technocracy. As Sainaghi (2020) and Fjeldstad and Heggstad (2012) argue, compliance systems must be embedded in a culture of accountability, not merely reliant on digital dashboards or reporting templates. In this regard, BCMM's perceived strengths in monitoring and identification processes must be tested against real performance outcomes such as debt recovery rates, audit outcomes, and citizen litigation over billing issues. Additionally, while taxpayer education is highly rated, this does not align with on-the-ground realities. Research by Rulashe and Ijeoma (2022) and Miggels and Rulashe (2022) documents recurring public resistance, poor information dissemination, and a breakdown in citizen-municipality trust in BCMM and neighbouring metros. This suggests that compliance frameworks may be inwardly coherent but externally ineffective, especially in contexts of administrative fragmentation and politicisation.

Lastly, Institutional Theory's emphasis on path dependence (North, 1990) is critical here. Historical practices such as selective enforcement and weak consequence management continue to shape present-day compliance behaviour. Reforms that do not address these institutional legacies risk reinforcing superficial compliance without meaningful change. Although BCMM appears to have codified compliance tools, their functionality is shaped less by their existence and more by how they are implemented, enforced, and perceived. The literature suggests that effective revenue compliance demands more than formal procedures, it requires coherent institutions, ethical leadership, citizen engagement, and sustained enforcement (Prichard, 2015; Smoke, 2013; Jam, Bayat & Rulashe, 2024). For BCMM, the path forward involves closing the gap between symbolic reforms and operational reality. While BCMM has made strides in introducing digital tools for revenue management, the survey data reveals significant institutional limitations in system maintenance, integration, and perceived accuracy. Addressing these gaps requires not only technological upgrades but also investment in capacity-building, staff training, and cross-departmental system alignment. Without these, digitalisation risks becoming a symbolic rather than a transformative reform.

5.3. Political Interference Weakens Credit Control Enforcement

Interviews conducted with municipal officials in Buffalo City Metropolitan Municipality (BCMM) echo the systemic impact of political interference on credit control enforcement. Multiple participants expressed concern that political actors, especially local councillors, regularly interfere in the debt recovery process, particularly by obstructing the disconnection of services to defaulting households.

One official explained:

"We follow the processes, but just before a scheduled disconnection, a councillor will intervene and ask us to hold back. It happens frequently, especially near elections."

Another interviewee stated:

"The enforcement is never consistent. In some areas, the pressure from councillors is too much. They fear losing votes if we disconnect services."

These sentiments reflect the institutional vulnerability of BCMM's revenue systems. Although policies such as the Municipal Systems Act (No. 32 of 2000) and BCMM's Credit Control and Debt Collection Policy mandate strict enforcement, in practice, enforcement is often suspended or diluted based on political considerations. This results in what Institutional Theory describes as decoupling, where procedures are formally adopted but not functionally embedded (DiMaggio & Powell, 1983).

Another participant shared:

"It is frustrating. We've got the policies, we've got the systems, but as long as councillors can call meetings to stop disconnections, nothing improves."

This insight highlights how political patronage distorts the accountability mechanisms intended to sustain fiscal discipline. Prichard (2015) and Fjeldstad and Moore (2009) assert that where citizens perceive revenue enforcement to be selective or politicised, they are less likely to comply voluntarily, undermining the fiscal social contract.

In low-income wards, especially, officials noted the prevalence of political shielding of communities:

"There are areas where people haven't paid for years, and we can't do anything about it because councillors claim everyone there is indigent even when there's no verification."

Another respondent echoed this point:

"Even when we submit names for disconnection, the list is returned with remarks to exempt some residents without any formal basis. It weakens our role and creates confusion."

This political interference not only undermines institutional credibility but also deepens inequality, as affluent areas are more likely to experience uninterrupted enforcement, while poorer communities become zones of inconsistent rule application. This reinforces North's (1990) argument that institutions rely not only on formal rules but also on the consistency of enforcement.

Several interviewees also cited tensions between administrative and political structures:

"There's no clear boundary. Councillors want to dictate operational decisions, yet they are not held accountable when their actions affect revenue."

"As officials, we are blamed for poor collections, but we can't act independently. There's always a political hand interfering."

The lack of consequence management for political interference was also highlighted:

“We’ve raised this issue in management meetings, but no action has been taken. Councillors continue to meddle, and we bear the brunt.”

The qualitative data reveal a deep-rooted governance failure in BCMM’s credit control enforcement, where political interference compromises institutional autonomy and subverts revenue recovery mechanisms. These findings echo the literature, particularly Smoke (2013) and Reddy and Naidu (2012), who argue that revenue enforcement in local government is often hostage to political cycles and electoral calculations. To mitigate this, institutional safeguards must be strengthened, political roles clearly delineated, and financial governance depoliticised (Jam, Bayat & Rulashe, 2025). Without these interventions, the municipality’s fiscal position will remain vulnerable to political expediency at the cost of service delivery and long-term sustainability.

5.4. Fragmented Indigent Registers and Trust Deficit

The persistent fragmentation of indigent registers in Buffalo City Metropolitan Municipality (BCMM) emerged as a key issue during qualitative interviews. Respondents consistently highlighted the inaccuracy, political manipulation, and administrative neglect of indigent registers, which have directly contributed to a growing trust deficit between residents and the municipality. As one official noted:

“The problem is not just that the register is outdated, it’s that no one knows who really qualifies anymore. It causes resentment among those who pay and confusion among those who expect help.”

This failure of targeting not only affects revenue collection but also undermines the credibility of the entire financial governance system. The issue resonates with findings from Kuhlengisa, Rulashe and Jakoet-Salie (2024), who, in their study of the Amathole District Municipality, a geographically and administratively proximate case, argue that poorly implemented indigent policies exacerbate socio-economic inequalities and entrench patterns of exclusion. Their work shows how opaque beneficiary identification, outdated registers, and a lack of community involvement in verification processes result in both under-coverage of the poor and leakage to non-poor beneficiaries. In BCMM, interviewees further pointed to political interference in the maintenance of indigent registers. Councillors were reported to often intervene to protect certain residents from being removed, or to fast-track others for inclusion without proper verification. This encourages a perception of politicised favouritism, weakening procedural fairness and discouraging public cooperation with billing and enforcement processes.

As another respondent remarked:

"People talk in the community, they know who's connected. It becomes a game of who knows who, and the system loses its legitimacy."

This phenomenon aligns with the institutional theory concept of symbolic compliance (Meyer & Rowan, 1977), wherein municipalities maintain the appearance of indigent support structures while operationally failing to uphold integrity, equity, or accountability. The indigent policy becomes a symbolic tool, decoupled from the real administrative processes required for equitable service delivery. Furthermore, the lack of system integration, for example, between indigent registers, billing systems, and social welfare databases, means that indigent status is often not reflected in real-time financial decisions. This disjuncture leads to double-charging, billing errors, and disputes that further undermine trust. As North (1990) argues, institutions succeed not only by having rules, but by embedding those rules in consistent, enforceable practices. In this case, the fragmented implementation of the indigent policy has instead generated inconsistency, confusion, and a decline in revenue legitimacy.

Critically, Kuhlengisa et al. (2024) emphasise that unless indigent policies are depoliticised, data-driven, and participatory, they risk becoming tools of elite capture rather than mechanisms for socio-economic redress. This conclusion echoes the situation in BCMM, where the lack of procedural transparency and poor audit trails have created fertile ground for community resistance and widespread non-payment. In sum, the disjointed implementation of indigent registers in BCMM has created a dual crisis: it undermines fiscal equity by failing to shield the truly vulnerable, and it erodes institutional trust, which is essential for voluntary compliance. The insights of Kuhlengisa, Rulashe and Jakoet-Salie (2024) provide strong conceptual backing for the view that indigent policies must be seen as instruments of governance, not merely administrative checkboxes. For BCMM to restore legitimacy in its revenue system, it must invest in transparent, decentralised, and regularly updated indigent management systems, rooted in community participation and supported by interoperable data platforms.

6. Conclusion

This study explored the determinants of effective revenue management in South African municipalities, with Buffalo City Metropolitan Municipality (BCMM) serving as the empirical case. Framed through the lens of Institutional Theory, the findings highlight that formal policy instruments such as the Municipal Finance Management Act (MFMA) and Municipal Systems Act are not enough to drive revenue performance in the absence of embedded organisational routines, ethical leadership, and institutional coherence. The study's conceptual framework situated revenue management as a multidimensional function, shaped by internal factors (institutional capacity, ICT systems, debt enforcement), external variables (political interference, socio-economic conditions), and moderating influences such as citizen trust. The empirical tone of the study reveals that although BCMM has established regulatory and strategic mechanisms for revenue generation, enforcement and execution remain deeply compromised by political manipulation, administrative fragmentation, outdated technologies, and a pervasive trust deficit. Indigent registers are poorly maintained, billing systems lack integration, and enforcement of credit control is inconsistently applied, undermining fiscal sustainability and service delivery objectives.

To address these challenges, the study recommends the following targeted reforms:

a) Professionalise revenue functions through qualified appointments and continuous capacity development.

b) Modernise and integrate ICT systems to enhance billing accuracy and interdepartmental coordination.

c) Depoliticise enforcement processes, especially around disconnection and debt recovery.

d) Regularly update indigent registers using transparent, data-driven verification tools.

e) Promote citizen trust via participatory budgeting and clear communication on revenue use.

f) Strengthen oversight and consequence management through effective audit follow-up and MPACs.

g) Adopt a localised revenue forecasting model for realistic budgeting and resource planning.

h) Promote multi-stakeholder partnerships for innovation in digital revenue collection and compliance tools.

Given the context-specific nature of revenue challenges in South African municipalities, further research is warranted to deepen understanding and inform adaptive solutions. Comparative studies between urban and rural municipalities could uncover structural and contextual divergences in revenue performance and administrative capacity. Additionally, examining the political economy of municipal finance through multi-theoretical lenses may offer a more nuanced understanding of how power dynamics, institutional path dependencies, and governance cultures shape fiscal outcomes. Behavioural approaches to understanding citizen compliance and payment culture also hold promise, particularly in uncovering the psychosocial and trust-based factors that influence revenue behaviour.

Finally, longitudinal assessments of technological interventions such as digital billing systems, e-payment platforms, and data integration tools are needed to evaluate their sustained impact on revenue collection, accountability, and service delivery over time. In conclusion, this study reaffirms that municipal revenue management is not simply a financial or technical task, but a governance issue embedded in institutional integrity, political culture, and citizen-state relations. For reforms to succeed, they must go beyond procedural fixes and confront the deeper systemic and relational dimensions that underpin fiscal performance in local government.

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