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The Effect of Mayor's Quality and Municipal Size on Financial Condition in Metropolitan Municipalities: A Case of South Africa

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Abstract: This study aims to explore the impact of the mayoral quality and the municipal population size on the financial conditions of the metropolitan municipalities. The case study method was followed to explore eight cases of South African metropolitan municipalities. The quality of the mayor is represented by the mayor's age, educational background, experience, race, and political affiliation, whilst the financial condition is represented by the property tax, service tax and total expenditure per municipality. The last local government elections took place in 2016, the five years of the local government administration will be analysed. Thus, the data is from a South African metropolitan municipality and refers to 2015/16 to 2019/20 financial years. The study findings indicate that the mayor's quality does not significantly impact the financial conditions of the municipalities. Most of the mayoral qualities within the eight municipalities have similar characteristics but have different financial performance conditions. Although the study also found that the municipality's population size does impact the financial conditions of the municipality as municipalities with a large population have the highest financial performance management index. The findings from this study will add value to literature in performance management and use to the regulators and policymakers, the local government, as they justify efforts to appoint suitable mayors and improve the entities' financial conditions. The study will also contribute to the new administration of the local government since there will be local government elections in November 2021.

Keywords: Municipality, Mayor's quality, Municipal population size, Financial conditions, Performance

1. Introduction

Literature indicates that there are determining variables that are likely to enhance the performance of public organisations (Andrews, Boyne & Walker, 2011; Gomes, Alfinito & Albuquerque, 2013). It is also indicated that to encourage outstanding performance in the public sector, public managers actions are framed by several aspects (Boyne, 2003; Brewer 2005; Moynihan & Pandey, 2005; Gomes et al., 2013). However, no specific independent variable noted in the literature is more likely to improve the municipal government performance. Gomes et al. (2013) conducted a study limited to the Brazilian Municipalities for 2005 to 2008 to identify variables that may affect the performance of municipalities. In their study, Gomes et al. (2013) found that Mayors from small municipalities have less impact on improving their municipalities' performance because they have difficulties raising and collecting taxes. Furthermore, they reported that since small municipalities struggle to raise funds, they mainly depend on external funding (Gomes et al., 2013). The financial dependence of the municipality results in a lack of independence and negatively affect the mayoral discretion in making decisions. They also found that the mayoral education background has little effect on the performance of the municipality.

In this study, the financial performance of South African urban municipalities is examined and analysed. Since local government is closer to the people and have a mandate of serving the communities by providing basic service, for the municipalities to serve their communities, they rely on external funding from government organisation's such as the National Treasury (NT). They may raise and collect revenues from the communities. Hence municipalities have the authority to levy taxes on property and services as per section 78 of the MFMA (RSA, 2003). However, some municipalities do not put proper measures to raise and collect taxes (Laubscher, 2012; Glasser & Wright, 2020). However, it is the municipality's right to raise and collect taxes. For municipalities to put proper measures and internal control, their governance structure should have a good foundation (Mofolo,

2020). Literature indicates that leadership within municipalities needs to be healthy functioning and occupied by competent individuals (Laubscher, 2012; Mofolo, 2020). As a result, there should be a strong-mayor form of governance, with mayors serving as political leaders and municipal managers (Mouritzen & Svara, 2002; Gomes et al., 2013). As a result, Mayors have the authority to govern the municipality daily, manage policies and resources, and deal with political difficulties. We consider this a serious issue because most Brazilian towns rely substantially on federal and state governments (Martell, 2008; Mattos, Rocha & Arvate, 2011; Gomes et al., 2013).

According to Meir and Keiser (1996), Whitney (2013) and Gomes et al. (2013), municipalities' reliance on the upper-level government (treasury) for funding limits mayoral management options. Thus, Gomes et al. (2013) suggest that for the municipality to have more autonomy and the mayor to have more freedom in making decisions, the mayor should urge the municipality to increase and collect taxes and support its operations with collected money. Since this paper replicates the work conducted by Gomes et al. (2013) in Brazilian municipalities, similar variables will be used in South African metropolitan municipalities. This study aims to evaluate the effect of the mayoral quality and the municipal population size on the financial performance of metropolitan municipalities of South Africa. For measuring the mayoral quality, the variable used will be age, educational background, and previous government experience. Whilst the population size of each municipality will be the independent variable. The study will also reflect on the political affiliation of each mayor of the metropolitan municipality. The main objective of this paper is to evaluate the effect of the mayoral quality and the municipal population size on the financial performance of metropolitan municipalities of South Africa. The secondary objectives are:

- To evaluate the impact of the mayor's age on municipal financial performance.
- To evaluate the impact of the mayor's educational background on municipal financial performance.
- To evaluate the mayor's public administration experience on municipal financial performance.
- To evaluate the mayor's political affiliation on municipal financial performance.
- To evaluate the impact of municipal size on municipal financial performance.

The study also aims to answer the following two research questions:

1. What is the impact of the mayor's quality on the municipal financial performance?
2. What is the impact of the municipal size on municipal financial performance?

In answering the questions mentioned above: the paper presents the South African local government system and the importance of the mayor's role in managing resources and delivering services to the local population, discusses the theories underpinning the choice of dependent and independent variables and presenting the methods employed in the investigation and a discussion of the analysis results and conclusions and the prospects for further work based on the present study.

2. Theoretical Framework: Cognitive Resource Theory

According to cognitive resource theory, experienced and educated leaders are more likely than others to develop better plans and make better judgments (Fiedler, 1986). Leadership theory indicates that "heterogeneity among leaders' educational attainment is significant, with higher growth with more highly educated leaders" (Besley, Montalvo & Reynal-Querol, 2011:205). From a practical perspective, there are however arguments that the correlation between education and the leadership abilities do not exists. This argument, however, propagated by less achievers in academia and supported by other academic achievers for unknown agendas have proved fruitless in political leadership. Indeed as much as academic achievers have also proved that education have little impact in political leadership, the opposite have also proved that less academic achievers have performed very bad than academic achievers in political leadership.

3. Literature Review

3.1 South African Local Government

The South African Local government, which may also be referred to as municipalities, was established through the Constitution of South Africa in 1996 to

render service to the communities within the local sphere. There are three categories of municipalities: Metropolitan, District and Local municipalities. The Metropolitan municipalities are often in urban areas and have a separate council focusing on each municipality. The district municipalities often share the legislative-executive authorities with the local municipalities, and these municipalities are sometimes in semi-rural areas. This paper will limit its scope to the metropolitan municipalities, which consists of eight municipalities. These municipalities are often more populated compared with the district and local municipalities.

3.2 Legislation Applicable to Municipalities

The South African local governments are governed by the constitution and other legislation such as the Municipal Finance Management Act of 2003 (Act 56 of 2003), Municipal Systems Act of 2000 (Act 32 of 2000) and Municipal Structures Act of 1998 (Act 117 of 1998). These pieces of legislation guide municipalities' structures from appointing key role players such as mayors, municipal council members and accounting officers. The responsibilities of these key role players are included in the Municipal Systems Act. The management of finances guidelines and the responsibilities are indicated on the MFMA and PFMA. Thus, one could say there is enough guidance on how municipalities should be functioning.

3.3 Local Government: Municipal Finance Management Act (MFMA), 2003 (Act 56 of 2003)

The Local Government: Municipal Finance Management Act 56 was promulgated in 2003. The Act aims to secure sound and sustainable management of municipalities and municipal entities' fiscal and financial affairs. The Act also guides the management of municipal revenues, expenditures, assets and liabilities and the handling of their business dealings (RSA, 2003).

3.3.1 Mayoral Role

According to sections 52 and 53 of the MFMA, the mayor provides general guidance over the municipality's fiscal and financial affairs. S/he must take all reasonable steps to ensure that the municipality performs its constitutional and statutory functions within its limits and that resources are used effectively, efficiently, economically, and transparently. In terms of revenue, South African Metropolitan municipalities are earned in different streams, including collections of rates and taxes, facilities hire, rendering of services, and grants from the National Treasury (Nzama, 2019). Municipal revenue budget allocation is based on own revenue, charging tariffs, and national government allocation (Nzama, 2019). According to section 78 of the MFMA, the mayor should ensure that all revenue due to the municipality is collected and take all reasonable steps to ensure that the municipal financial management and internal control systems are diligently carried out.

The mayor should also consider realistic revenue and expenditure projections for future years and the national and provincial budget, together with the federal government's fiscal and macro-economic policy. Lastly, the mayor should consider the annual Division of Revenue Act and any agreements reached in the Budget (RSA, 2003; Nzama, 2019).

The framework used in South Africa is like the one used in Brazil; Brazil adopts the strong-mayor form, which refers to mayors holding two positions simultaneously. This is when a mayor is both a political leader and manager of a municipality. According to Mouritzen and Svara (2002), the developers of the local government framework in Brazil, the mayor oversees the whole set of decisions involving the daily activities of the local government as well as managing contracts and negotiations with the State of Federal Government in the context of South Africa this relates to the National Treasury.

3.3.2 Qualities of a Municipal Mayor

Literature indicates that leaders can impact the performance of their municipalities (Besley et al., 2011; Lynn, 1996; Pfeffer & Salancik, 2003; Gomes et al., 2013). In measuring the mayoral qualities, age, educational background and experience, political affiliations are considered. This is in line with previous studies (Avellaneda, 2009; Gomes, 2013). Gomes et al. (2013) cited Avellaneda (2009:289), who argues that education promotes trust in decision making, and this confidence extends to subalterns, who recognise their manager's talents. The sentiments shared by Avellaneda (2009) are like those made by Hambrick and Mason (1984). Hambrick and Mason (1984), cited in Gomes et al. (2013), suggest a link between formal education and performance.

Taylor (1975) emphasised the importance of experience in Gomes et al. (2013). A mayor's experience,

in addition to his or her educational background, might offer value to his or her performance because of information accumulated during his or her lifetime (Gomes et al., 2013). Taylor (1975:79) contended that years of managerial experience were positively related to accuracy in assessing the value of information, the time necessary to make judgements, and the flexibility with which choices are held. This implies that experienced managers are more likely to make competent judgments than younger managers since they have more life experience and administrative jobs in local government administration.

3.3.3 Municipal Population Size

For municipalities to control resources and economies of scale efficiently, they will depend on the population size of their municipalities. Thus, the performance management of municipalities may be negatively affected by their population size (Gomes et al., 2013).

The concept of size as a performance factor originates from the New Public Management theory, which states that public systems must be disaggregated into smaller units to be controllable (Hood, 1991; Gomes et al., 2013). Some research is being conducted to understand better the impact of mergers or fragmentation on performance (Boyne, 1996a; Gomes et al., 2013). In the South African context, the legislation for the demarcation of municipalities was put in place. The demarcation of municipalities in the year 2000 is also considered one of the challenges municipalities struggle to manage their finances well. Laubscher (2012:70) posits that before demarcation in 2000, there were 830 municipalities, and currently, there are 257 municipalities. The broader borders of municipalities are too big for effective and efficient service delivery and financial management, resulting in municipalities' inability to perform well as per their mandate and possibly achieve clean audit outcomes.

Large municipalities are believed to be more likely to generate money owing to economies of scale; yet, they also have higher costs to provide services to the communities (Walzer, 1972; Gomes et al., 2013). Therefore, the economies of scale should be approached with caution regarding local government performance (Boyne, 1995). However, it is also argued that large municipalities may lower their administrative expenses if they are centralized (Andrews & Boyne, 2009:739; Gomes et al., 2013).

4. Research Methodology

The study's objective is to explore the impact of the mayoral quality and the municipal population size on the financial conditions of metropolitan municipalities of South Africa. For measuring the mayoral quality, the variable used will be age, educational background, previous government experience and political affiliation. Whilst the population size of each municipality will be the independent variable. The paper adopted a case study method based on secondary data. The exploratory category was followed as the study aims to answer questions related to "what" to understand the impact of independent variables on the dependent variables. These questions, as previously stated, are: what is the impact of the mayor's quality on the municipal financial performance? Furthermore, what is the impact of the municipal size on municipal financial performance? To answer these questions, the researchers limited the study to a sample of eight municipalities with information from 2015/16 to 2019/20. Their characteristics about municipal population size, mayor's age, education, and work experience are described in Table 1. Secondary data was collected from several reliable databases: Municipalities data (annual reports) for 2015/16 – 2019/20, World Population Review, and Quantec data. The reason for selecting the financial year 2015/16 to 2019/2020 FY is that the current local administration was appointed in the last 2016 local government elections, and there is a five-year tenure for administration. Therefore, the study will cover the entire tenure financial performance. Data were analysed using the SPSS package, and a qualitative method was also used to analyse data. Ethical clearance to conduct this study was obtained from the University of Johannesburg, and the ethical number is SAREC20210624/01. Therefore, the researcher complied with all ethical requirements when conducting the study.

5. Results and Discussion

The study analysed the performance of municipalities in South Africa using determinants factors, including mayoral qualities such as the mayor age, experience, qualification, and political affiliation. The determinants factors are linked to the municipal financial conditions, including the municipal property tax performance index, municipal service tax performance index and municipal total expenditure performance index and considering the population size in each municipality.

The study combined educational background, age, and past administrative experience to assess the mayoral quality and follow actual knowledge (Avellaneda, 2009; Gomes et al., 2013). Age is a variable that was collected from municipality annual reports and municipal data. For previous administrative experience, data was collected from the same database, employing a dummy variable (0 and 1): assigning 0 if the mayor were in his or her first mandate and one if he or she had previous administrative experience in public organisations. The following formula represents the calculation of this variable.

$$MQ = (MA \times MEB \times MPAE \times MPA)$$

Where:

MQ = Mayoral Quality
MA = Mayor's Age
MEB = Mayor's Educational Background
MPAE =Mayor's Public Administrative Experience
MPA = Mayors Political Affiliation

The dependent variable will be as per the model used in Brazil (Gomes et al., 2013); they used an index to measure the level of self-sufficiency of Brazilian municipalities in terms of wisely managing financial resources (total revenues ratio total expenditures), and, therefore, the level of dependence upon external sources of revenues. Thus, South African Metropolitan municipalities data were collected five years from 2015/16 to 2019/20. As the municipal elections took place in 2016, we assessed how mayors managed revenue and expenditure over his/her whole period in charge of their respective municipality's administration. As South Africa adopts the robust mayor system of government, mayors oversee managing a municipality concerning political and administrative matters. The most representative taxes mayors control municipal property taxes and service taxes because they vary according to population size and are likely to reflect economies of scale. As a result, we have chosen property and service taxes as the primary sources of revenue the mayor has discretion over and whose appropriate management would increase revenue.

Expenditure is the money a municipality must spend to provide services and manage the whole administrative machine. In this study, we used the total expenditure for representing the effort an administration makes to provide services to the local population. The three indexes, namely property tax revenue, services tax revenue, and total expenditure are combined to derive an overall measure of dependence upon external sources of revenue, which we labelled as Financial Performance Management Index (FPMI) and calculated by the following formula:

$$FPMI = \frac{(MPTPI + MSTPI)}{MTEPI}$$

Where:

MPTPI stands for Municipal Property Tax Performance Index;

MSTPI stands for Municipal Service Tax Performance Index; and

MTEPI for Municipal Total Expenditure Performance Index.

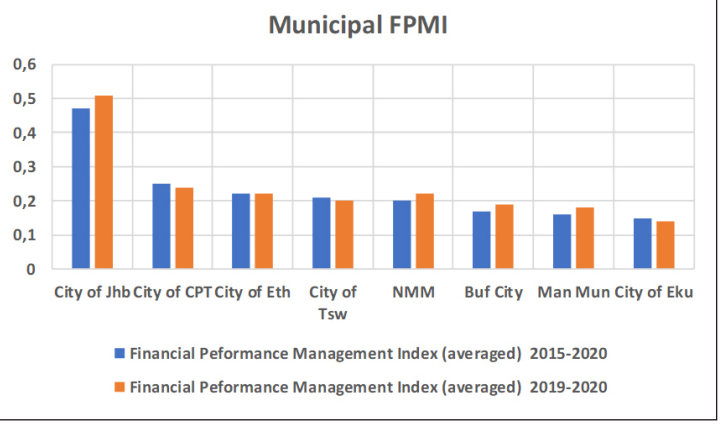
This formula intends to assess each mayor's ability to increase tax revenue to meet the total expenditure. Due to the importance of the transfers that municipalities receive from upper-level governments, which is not included in the formula, FPMI is between 0 and 1. In this vein, South African metropolitan municipalities can never locally raise enough money to cover their costs. As FPMI approaches zero, the reliance upon these transfers increases and, therefore, the municipality's financial situation becomes weaker. When that happens, a mayor needs to improve the tax collected locally to mitigate dependence to improve the municipality's administrative autonomy. The interpretation of the index is that the higher the FPMI, the better the municipal financial performance, as the municipality becomes less dependent upon transfers.

5.1 Data Analysis

Data were analysed using the quantitative method, and the analysis contains frequencies for selected variables from the data set, correlations, and some association tests. The number of cases (n=8) was analysed. Since the study's sample size is small, it resulted in a limitation on analysis as the researchers could not produce a comprehensive statistical analysis; hence, the case study method was adopted. The municipalities were ranked according to identify high and low and middle municipalities based on financial conditions and then describe the details

Table 1: Municipal Performance Rankings per Municipality

Municipalities	Financial Peformance Management Index (averaged) 2015-2020	Financial Peformance Management Index (averaged) 2019-2020
City of Jhb	0,47	0,51
City of CPT	0,25	0,24
City of Eth	0,22	0,22
City of Tsw	0,21	0,20
NMM	0,20	0,22
Buf City	0,17	0,19
Man Mun	0,16	0,18
City of Eku	0,15	0,14



Source: Authors' analysis based on Municipalities data (Annual Reports) for 2015/16 – 2019/20, World Population Review, and Quantec data

of the case. For example, the City of JHB has the highest financial performance. It also has the largest population and scores highest for property and service tax (but not the most significant total expenditure).

The City of Johannesburg experienced two changes in mayoral role over the period, there has been a change in political party administration, and the mayor had no administrative experience. Nevertheless, for other characteristics, the mayor is like in other municipalities, i.e. has similar age to other mayors, has a good quality education. The city of Ekurhuleni also has the worst-performing municipality based on financial performance. This is the third or fourth (depending on whether one uses 2019-2020 or averaged population) largest municipality in terms of population size, ranks relatively low for property tax (5) but higher for service tax (2) and total expenditure (3). It has only experienced one change in mayor over the period, and the mayor has a Masters degree. With five changes in the mayor, Nelson Mandela Bay is the fourth or fifth (depending on which measure one uses) best performing municipality based on financial performance. The city of Cape Town is the second-ranked municipality for financial performance. It has the second largest population. The City of eThekwini is the third-ranked municipality for financial performance and has the third or fourth-largest population. Mangaung municipality is the second-worst performing municipality and has the seventh-largest (second smallest) population. Buffalo city is the third-worst performing municipality and has the smallest population.

5.2 Population Size and Financial Performance

As such there appears to be a link between population size and financial performance, with the three performing municipalities having the largest populations and two of the bottom three performers having populations ranked 7 and 8 for size.

5.3 Variables of Mayor's Quality

In answering the first research question: *what is the impact of the mayor's quality on the municipal financial performance*? The following results were found.

5.3.1 Mayor's Age

According to Hambrick and Mason (1984) in Gomes et al. (2013), age is vital for performance. Younger managers, according to them, are more prone to take risks, but senior managers are more likely to "seek more information, assess information properly, and take longer to make choices" (Hambrick & Mason, 1984:198; Gomes et al., 2013).

Table 2 on the next page shows mayors age to be 46 and above. That indicates that though there is a trend of youthful mayors (46 years) in municipalities, the indicated age is an age of maturity and responsibility for the age group concerned. Also, an indication that they are above 46 years of age may also reveal an important element of experienced mayors in the public administration environment.

Table 3 on the next page shows a slight change in mayors age between the period 2015-2020. There is

Table 2: Mayor's Age

Age of Mayor 2019 - 2020					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Above 46 years	8	100,0	100,0	100,0

Source: Authors' analysis based on Municipalities data (Annual Reports) for 2015/16 – 2019/20, World Population Review, and Quantec data

Table 3: Mayor's Age Changes

Age of Mayor Changed 2015 - 2020					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	7	87,5	87,5	87,5
	Yes	1	12,5	12,5	100,0
	Total	8	100,0	100,0	

Source: Authors' analysis based on Municipalities data (Annual Reports) for 2015/16 – 2019/20, World Population Review, and Quantec data

Table 4: Mayor's Educational Background

Education Level of Mayor 2019 - 2020					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Unknown	2	25,0	25,0	25,0
	Matric	1	12,5	12,5	37,5
	Degree	2	25,0	25,0	62,5
	Masters	3	37,5	37,5	100,0
	Total	8	100,0	100,0	

Source: Authors' analysis based on Municipalities data (Annual Reports) for 2015/16 – 2019/20, World Population Review, and Quantec data

an insignificant change of 12,5%. Such change bears little impact on the age group concerned because it may have gone slightly higher than lower.

5.3.2 Mayor's Educational Background

The educational background of the mayor is measured by assessing his/her educational level. We coded this variable on an ordinal scale from 0 to 4. 0 = unknown, 1= Matric, 2 = National Diploma, 3 = Degree, 4 = Master's degree.

Table 4 above shows that most mayors have a master's degree qualification, and the other categories have a degree. This commendable considering the generalisation in the political arena that politicians have lower educational levels which impact on their service delivery capability. Indeed, the table above shows a lower level of educational attainment of municipal mayors surveyed.

5.3.3 Mayor's Public Administrative Experience

The majority of mayors have public administration experience, with only one mayor who does not have experience. This shows that political parties condone the appointment of appropriate candidates. Only a small fraction of percentage shows that municipal mayor has inadequate experience in public administration. The rationale for the appointment of such individual is not clear. See Table 5.

5.3.4 Mayors Political Affiliation and Political administration

Two changes were experienced in two metropolitan municipalities. The change in these municipalities did not affect the performance of these municipalities. This shows that incumbents are complement with the legislation. That shows that the change could have followed same protocol of nominating appropriate candidates than political tokens who

Table 5: Mayor's Public Administration Experience

Experience Level of Mayor 2019 - 2020					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Experience in Public administration	7	87,5	87,5	87,5
	No experience in Public administration	1	12,5	12,5	100,0
	Total	8	100,0	100,0	

Source: Authors' analysis based on Municipalities data (Annual Reports) for 2015/16 – 2019/20, World Population Review, and Quantec data

Table 6: Changes in Mayor's Positions

Number of Changes in Mayor				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	3	37,5	37,5	37,5
	2	25,0	25,0	62,5
	1	12,5	12,5	75,0
	1	12,5	12,5	87,5
	1	12,5	12,5	100,0
	8	100,0	100,0	

Source: Authors' analysis based on Municipalities data (Annual Reports) for 2015/16 – 2019/20, World Population Review, and Quantec data

Table 7: Mayor Political Affiliation and Political Administration

Political Affiliation 2019 - 2020					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	ANC	6	75,0	75,0	75,0
	DA	2	25,0	25,0	100,0
	Total	8	100,0	100,0	

Source: Authors' analysis based on Municipalities data (Annual Reports) for 2015/16 – 2019/20, World Population Review, and Quantec data

Table 8: Changes in Mayor's Political Affiliation and Political Administration

Change in Political Affiliation 2015 - 2020					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	6	75,0	75,0	75,0
	Yes	2	25,0	25,0	100,0
	Total	8	100,0	100,0	

Source: Authors' analysis based on Municipalities data (Annual Reports) for 2015/16 – 2019/20, World Population Review, and Quantec data

would compromise service delivery mandates for personal gains. See Table 6.

Table 7 above shows that the majority of mayors in the study area were ANC with 75% and DA with 25 in same metropolitan municipalities. While it is known that the DA prefers literate politicians in their political offices, the ANC is not known to be strict on that principle. However, it may appear that when it comes to Metropolitan municipalities, they may be following same DA principle. Indeed, in the rural areas where the DA have little influence the ANC nominate inappropriately qualified municipal mayors who would have no challenges from the opposition. Such however results in poor service delivery of rural municipalities.

Table 9: Correlation between Municipal Size and Financial Performance

Correlations											
	PopSize 1920 Population size 2019-2020	PopSizeAvg Population size 2015-2020	PTR1920 Property tax revenue 2019-2020	PTRAvg Property tax revenue average 2015-2020	STR1920 Service tax revenue 2019-2020	Fpmi1920 Financial performance management index 2019-2020	STRAvg Service tax revenue average 2015-2020	TE1920 Total expenditure 2019-2020	TEAvg Total expenditure average 2015-2020	FpmiAvg Financial performance management index averaged 2015-2020	MayorC Number of changes in Mayor
PopSize 1920 Population size 2019-2020	1	1.000	0.973	0.972	0.979	0.601	0.988	0.786	0.793	0.681	-0.486
		0.000	0.000	0.000	0.000	0.115	0.000	0.021	0.019	0.063	0.222
	8	8	8	8	8	8	8	8	8	8	8
PopSizeAvg Population size average 2015-2020	1.000	1	0.973	0.973	0.979	0.592	0.988	0.794	0.801	0.673	-0.487
	0.000		0.000	0.000	0.000	0.122	0.000	0.019	0.017	0.067	0.221
	8	8	8	8	8	8	8	8	8	8	8
PTR1920 Property tax revenue 2019-2020	0.973	0.973	1	0.997	0.925	0.682	0.932	0.721	0727	0.762	-0.405
	0.000	0.000		0.000	0.001	0.062	0.001	0.044	0.041	0.028	0.319
	8	8	8	8	8	8	8	8	8	8	8
PTRAvg Property tax revenue average 2015-2020	0.972	0.973	0.997	1	0.929	0.629	0.934	0.764	0.769	0.715	-0.421
	0.000	0.000	0.000		0.001	0.095	0.001	0.027	0.026	0.046	0.299
	8	8	8	8	8	8	8	8	8	8	8
STR1920 Service tax revenue 2019-2020	0.979	0.979	0.925	0.929	1	0.499	0.996	0.835	0.837	0.585	-0.472
	0.000	0.000	0.001	0.001		0.209	0.000	0.010	0.010	0.128	0.238
	8	8	8	8	8	8	8	8	8	8	8
Fpmi1920 Financial performance management index 2019-2020	0.601	0.592	0.682	0.629	0.499	1	0.525	-0.003	0.006	0.992	-0.033
	0.115	0.122	0.062	0.095	0.209		0.182	0.994	0.989	0.000	0.939
	8	8	8	8	8	8	8	8	8	8	8
STRAvg Service tax revenue average 2015-2020	0.988	0.988	0.932	0.934	0.996	0.525	1	0.819	0.825	0.607	-0.490
	0.000	0.000	0.001	0.001	0.000	0.182		0.013	0.012	0.111	0.217
	8	8	8	8	8	8	8	8	8	8	8
TE1920 Total expenditure 2019-2020	0.786	0.794	0.721	0.764	0.835	-0.003	0.819	1	0.999	0.111	-0.499
	0.021	0.019	0.044	0.027	0.010	0.994	0.013		0.000	0.794	0.208
	8	8	8	8	8	8	8	8	8	8	8
TEAvg Total expenditure average 2015-2020	0.793	0.801	0.727	0.769	0.837	0.006	0.825	0.999	1	0.119	-0.515
	0.019	0.017	0.041	0.026	0.010	0.989	0.012	0.000		0.779	0.192
	8	8	8	8	8	8	8	8	8	8	8
FpmiAvg Financial performance management index averaged 2015-2020	0.681	0.673	0.762	0.715	0.585	0.992	0.607	0.111	0.119	1	-0.066
	0.063	0.067	0.028	0.046	0.128	0.000	0.111	0.794	0.779		0.877
	8	8	8	8	8	8	8	8	8	8	8
MayorC Number of changes in Mayor	-0.486	-0.487	-0.405	-0.421	-0.472	-0.033	-0.490	-0.499	-0.515	-0.066	1
	0.222	0.221	0.319	0.299	0.238	0.939	0.217	0.208	0.192	0.877	
	8	8	8	8	8	8	8	8	8	8	8

Source: Authors' analysis based on Municipalities data (Annual Reports) for 2015/16 – 2019/20, World Population Review, and Quantec

Table 8 on the previous page shows that the majority of respondents (75%) are of view that no significant political changes and political affiliation took place in the period of study by municipal mayors. Only a small fraction of 25% is of the view that such political changes and affiliation took place. It is indeed known that because of those changes there were by elections which took place, although such changes were of insignificant value.

In answering the second research question: *What is the impact of the municipal size on municipal financial performance?*

Table 9 above shows that there is some significant correlations between financial indicators, e.g. property tax revenue and service tax revenue. However, there is no significant correlation between population size and financial performance (although the correlation coefficient is relatively large, the sample size is too small to achieve a statistically significant correlation). There are no significant associations (partly because group sizes are too low).

6. Conclusion and Recommendations

Population size could be associated with financial performance, but it is difficult to identify a clear

pattern of association between mayoral characteristics and financial performance. On the other side it can also be deduced from the study that appropriate educational level have an effect on the municipal mayors performance in the South African municipalities.

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