



Digital Technologies And Financial Performance In Local Government In Kabale District Local Government, Uganda

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ABSTRACT

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

1. INTRODUCTION

The efficiency and economic results of retail financial transactions are significantly impacted by digitization, which in turn changes the population's quality of life. As a result, it deserves special attention. Digital technology now encompasses nearly every aspect of modern life (Abbasi, & Vassilopoulou, 2017). The Covid-19 epidemic showed that without effective local government and economic operations, it would be challenging to close entire cities and regions worldwide and isolate the population. Because it can assist with future forecasts and other situations, researching how digitalization affects local governments is essential for understanding how financial performance is affected (Abdel-Basset, Chang, & Nabeeh, 2021). A company's capacity to raise and distribute capital

over a given time period while preserving sufficient capital, liquidity, solvency, efficiency, leverage, and profitability is measured by its financial performance (Turyasingura and Agaba). Businesses and organizations, however, have not kept tabs on their financial performance. Financial performance has been important since companies realized they needed to improve overall productivity and performance effectiveness by integrating a comprehensive performance management procedure into their system (Agaba, Turyasingura and Kabagambe 2023). African firms started to recognize the importance of evaluating financial performance in the late 1960s and early 1970s, when businesses started to encounter challenges that led to their demise (Adams, 2017). According to Adegboye et al. (2019), this process of assessing financial performance should make use of finance digitalization, which is the integration of different technologies and methodologies that allow the finance function to deliver value in the digital era. The adoption of digital technology by African enterprises has significantly benefited the development of integrated financial management systems, program-based budgeting systems, and integrated personnel and payroll systems, according to Agarwal et al. (2020), who built on the findings of Adegboye et al. (2019). According to Agenda (2019), promoting integrated personnel and payroll systems, program-based budgeting systems, and integrated financial management systems in African local governments will not only effectively combat corruption and ghost workers in local government but also foster accountability, financial reporting, and value for money. But African countries' financial performance is still a nightmare that has to be closely examined. Pervasive digital technologies, including cloud computing, artificial intelligence, big data analytics, and the internet of things, are causing profound social and industrial transformations in Uganda (Ahl et al., 2017). To stay competitive in the digital world, Ugandan local governments are speeding up their digital transformation (DT). The term "DT" describes an organization's attempts to improve its business models, operational processes, or customer connections through the use of digital technologies. Parametric Technology Corporation performed a survey of international industrial companies and found that 92% of the companies-initiated DT to gain a competitive edge. Reasonable budgets, frequent audits, risk management, adequate reserve money, cost forecasting, personnel level management, and accounting are some of the strategies employed by digital technology. Inspection of Receivables. However, the financial performance of the Kabale district is starting to cause issues. Albino et al. (2019) describe the financial state of the Kabale district local government as a nightmare. Curraj (2018) claims that most of the tasks performed by many departments have issues with financial reporting, which has decreased their worth. This has affected Kabale district local government's financial performance ranking. The Auditor General's Report (2021) states that the Kabale district local government has been concerned about financial reporting. Almost every department faces challenges when it comes to assigning accountability. In all they accomplish, the money is never worth it. This could be attributed to new procedures that the local government has put in place to improve accountability, and financial reporting.

The district's performance has been impacted by numerous financial performance issues, according to the Turyasingura, Agaba, Orach-Meza, Zombire & Kyabarongo (2022). According to the internal audit report for the first quarter of fiscal year 2020/2021, there are shortfalls in payments to service providers, staff salaries have not been paid on time despite the district using digital technologies to make things right, shortfalls in government releases, minimally updated revenue registers, the absence of revenue assessment reports, unaccounted funds, and a lack of an updated noncurrent assets. All of these lead to the non-implementation of some of the planned activities, which has a detrimental impact on the district's financial performance. The district has attempted to provide financial reporting training to all departments' accountants, but little of it has been successful. The local administration of Kabale District has tried to address this by putting in place integrated financial management systems to help with concerns with financial responsibility, but things are only getting worse. The reason for the district's poor financial performance should be looked into by all departments, according to the council meeting minute number 20 of 2019. In order to address difficulties with financial performance, the district executive committee (2019) decided to choose finance members to participate in additional capacity-building programs. However, little has been accomplished. According to the Auditor General's report for 2020–2021, just 21% of the total sum supplied to the district was accounted for, leaving the remaining 40% unaccounted, which had an impact on financial performance. This may be attributed to problems with insufficient knowledge and abilities to use integrated financial management systems, programme-based budgeting systems, and integrated personnel and payroll systems, which have resulted in subpar accountability, scant financial reporting, and limited value for money. If the scenario

persists, Kabale district will be behind in terms of financial performance, which would have an impact on its budget and lead to subpar service. Both the district's ranking and the amount of money received from the central government will be impacted by this. The general objective of the study was to establish the relationship between digital technologies and the financial performance of the Kabale District local government.

2. LITERATURE REVIEW

Understanding the integrated financial management system (IFMS) and financial performance is essential since the IFMS application expedites the decision-making process by providing fast, accurate, reliable, and verifiable information (Abdel-Basset, *et al.*, 2021). He further contends that it provides advanced financial reporting and decision-making procedures for evaluating the advantages and disadvantages of strategic and operational service delivery methods. The use of IFMS enhances an entity's capacity for forecasting and scheduling. After that, administrators may efficiently distribute cash and set attainable performance goals. An organization can increase the effectiveness of its financial operations and reporting procedures by implementing IFMS solutions. These systems reinforce the measures an organization must take to prevent financial theft and the mitigation techniques it should employ to protect against both known and unknown risks. Additionally, the control measures provide the historical performance information needed to monitor the entity's current and future activities. Furthermore, auditors evaluate an entity's progress using this prior data (Abrell *et al.*, 2016). An organization can integrate functional operations and financial resources using the framework provided by IFMS

Financial events are tracked and financial data is compiled using an information system known as the Integrated Financial Management System (IFMS). According to Bergdahl and Nouri (2021), an IFMS is only an accounting system that has been configured to operate in compliance with the standards and regulations of the environment in which it is installed. In financial operations, information and communications technology is used to support fiduciary responsibilities, management and budget choices, and the production of financial reports and statements. This practice is commonly known as "IFMS." Public financial management (PFM) procedures, such as budget preparation and execution, accounting, and reporting, are specifically computerized in the context of government with the help of an integrated system for the financial management of line ministries, spending agencies, and other government entities. According to Cao (2014), an IT-based accounting and budgeting system that manages spending, payment processing, budgeting, and reporting for governments and other organizations is known as an integrated financial management system (IFMS). A software program that integrates several essential financial management functions is called an IFMS. Integrated financial management information system (IFMIS) and integrated financial management system are synonymous words. Over the past 30 years, governments all over the world have undergone significant changes in their operational procedures (Büyükoğuzkan & Göçer, 2018). Public service financial reporting has been at the center of this modernization strategy. Despite different administrative cultures, political contexts, and priorities, the level of convergence is shocking (Caro *et al.*, 2018). According to Bharadwaj *et al.* (2017), the benefits of IFMIS might be viewed as philosophical in terms of encouraging accountability in local governments. First, improved government financial activity recording and processing enables faster and more convenient access to reliable financial data. Second, by providing an accurate and ongoing perspective of commitments and expenditures for accountability, IFMIS enhances financial controls. (2017) Nambisan and associates. outlines how the system should be able to monitor every step of transaction processing after a commitment is made, including budget releases, purchase commitments, payment requests, bank statement reconciliations, and accounting for expenses. The link between program funding levels and expected outcomes serves as the foundation for budget preparation in a performance-based budgeting strategy (Dapp *et al.*, 2019). The financial performance of local government can be enhanced by program managers using a performance-based budgeting strategy as a tool to manage more economical and efficient budgetary expenditures (Davicik *et al.*, 2021).

Performance-based budgets are derived from the relationship between program spending levels and anticipated outcomes (Dapp *et al.*, 2019). Program managers can improve the financial performance of local government by using performance-based budgeting as a tool to manage more efficient and cost-effective budgetary expenditures (Davicik *et al.*, 2021). The phrase "programme-based budgeting" describes a budget that stems from programs that pool spending according to a shared objective, which for the majority of programs is the outcome the program is meant to achieve. Performance standards serve as the foundation for budget allocations (Faulds *et al.*, 2018). With the implementation of program-based budgeting in the civil service in 2007, the Kenyan government carried out a number of reform initiatives that had been in place since 2000 in an attempt to improve the efficiency and effectiveness of the delivery of public goods and services (Fauville, 2017). Treasury Circular Number 17/2009 on Budget Preparation stressed the importance of modifying the budget process to comply with Programme Based Budgeting (PBB) in order to guarantee the core, long-term objective of efficiency and effectiveness in public spending (Gikonyo, 2013). The Fiscal Management Act of 2009 required ministries and departments to submit results and outputs that they would later defend before parliamentary departmental committees. Program-based budgeting increases accountability in local government. The statistics in an approved budget are linked to the managers who are in charge of making sure it is fulfilled. The performance of the person to whom that budget line item was assigned suffers if a subsequent comparison of the budget and actual results is unsatisfactory. Theoretically, a manager should get a poor performance review if they don't meet their budget. Without fiscal accountability, no one is in charge of the budget, hence it is unlikely to be met. Instead, supervisors will probably disregard the document. Westerman & Bonnet (2015) support performance-based budgeting, which is the process of developing budgets based on the relationship between program expenditure levels and expected outcomes, as a means of ensuring true accountability. A performance-based budgeting method is a tool that program administrators can use to control more economical and efficient budgetary expenditures. Budgeting is essential to effectively and profitably managing operations in the current climate, where financial management is more important than ever for both public and private organizations, claim Melrose *et al.* (2021). The budgeting process is well-known even in the smallest economic unit, the home, but it needs to be divided into two categories: budgeting for private companies and budgeting for public institutions. A local government's financial performance indicates how successfully it creates value for the deposits and share capital of its constituents (Aguilera & Crespi-Cladera, 2016). Numerous financial criteria, such as capital sufficiency, asset value, and managerial capacity, can be used to evaluate the financial performance of local governments. net income, return on equity, earnings per share, liquidity, sensitivity, and earnings. Using the best tactics and opportunities, careful financial planning, careful hiring, adapting to technology changes, and becoming more competitive are all ways that local government management can improve their financial performance (Aguilera & Haxhi, 2019). Financial performance, which gauges how well financial objectives are being or have been met, is an essential part of local government finance risk management, claim Ahmed and Uddin (2018).

3. METHODOLOGY

3.1. Research Design

The research design used in this study was cross-sectional. Both qualitative and quantitative approaches to data collecting and analysis can be used with this design. In order to provide a statistical viewpoint and demonstrate the connection between digital technology and financial success in Ugandan local government—as demonstrated by the Kabale District Local Government—the quantitative approach made it possible to quantify the results.

3.2. Study Population

The target population was 139, but the study's total population was 158 (Turyasingura *et al.*, 2022). The Krejci and Morgan table was used to arrive at this number. The formular is not required when the research makes use of a table. The Kigezi sub-region's SMEs made up the population.

3.3. Sample size determination

A sample size of 139 individuals were chosen from the approximately 158 stakeholders that were included in the sample (as per the table from Krejcie and Morgan (1970) reported by Amin, 2005) and Rugasira *et.al*, (2022).

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

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

3.4. Quality control

Validity of the research instrument

Validity is the extent to which data analysis results accurately depict the phenomenon under study. After developing the study instruments and consulting with the supervisors at Kabale University, the researcher pre-tested them on selected respondents in the Kabale District who had similar characteristics. Pre-testing the research tool allows for the identification and correction of issues such as unclear or confusing questions, questions with limited space for answers, crowded questions, and improper numbering (Kothari, 2014). After consulting with the two supervisors at Kabale University, the researcher had four judges rate each instrument's items. The content validity index (CVI) was then determined by dividing the total number of items by the percentage of valid items from each judge.

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

Summary of the reliability statistics

Judge 1. = $38/40=0.95$

Judge 2. = $36/40= 0.9$

Judge 3. = $37/40= 0.93$

Judge 4. = $33/40=0.83$

Therefore $0.95+0.9+0.93+0.83=3.61/4=0.90$

These results implied that the research instruments used to gather information on digital technologies and financial performance in local government in Uganda: a case Kabale district local government were valid. Oleng (2021) states that for instruments to be accepted as legitimate, the average content validity index (CVI) number of certified valid items divided by the total number of items must be at least 0.7. Since the CVI score was higher than 90%, the instruments were valid. Turyasingura and Agaba, (2022)

3.5. Reliability of research instruments

Table 2 Table Reliability statistics

Variable	Cronbach's alpha	Number of items
Integrated financial management systems	0.90	25
Programme-based budgeting system	0.98	25

Integrated personnel and payroll system	0.85	25
Financial performance	0.97	25
. Total	3.698	
Average	3.7/4=0.92	

Therefore, it can be concluded that there is a high level of confidence in the overall scale's dependability if there is a significant degree of correlation between the individual components. Cronbach's alpha provides the following criteria: "> 0.5 - Poor, > 0.6 - Questionable, > 0.7 - Acceptable, > 0.8 - Excellent, and > 0.5 - Unacceptable" (5).

3.6. Data analysis

Data Management and processing

The descriptive, bivariate, and multivariate data analysis procedures were finished. Tables were produced as a result of the descriptive analysis. In a bivariate study, the Pearson rank correlation was employed to calculate the relationships between categorical factors and independent variables as well as those between the dependent variable. Once more, cross tabulations were employed to illustrate the relationships between the variables.

3.7. Multivariate analysis

At this stage of the model's development, only independent variables that had shown a substantial connection with the dependent variable were added. In other words, only significant bivariate stage components were regressed at the multivariate level. The multivariate model is shown in the following equation.; $DT = \beta_0 + \beta_1 IFMS + \beta_2 PBBS + \beta_3 IPPS + \varepsilon$

Where,

Where

DT = Digitalization system

$IFMS$ = Integrated financial management system

$PBBS$ = Program-based budgeting system

$IPPS$ = Integrated personnel and payroll system

ε = Error term

β_1 , β_2 , and β_3 are the partial coefficients which explain how each of the independent variables (goal oriented, creative thinking, strategic thinking on sustainability of projects).

4. RESULTS

Integrated financial management systems on financial performance

This section presents the descriptive statistics based on the views of respondents regarding integrated financial management systems on financial performance Key: Strongly Agree (SA) 5, (Agree (A) (4), Undecided (UD) 3, Disagree (D) 2 and Strongly Disagree (SD) 1

Table 3. descriptive statistics

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

Source: Field data 2024

Table above provides analysis of the five statements given to respondents to gauge the effect of integrated financial management systems on the local government of Kabale district's financial performance. When respondents were asked if integrated financial management systems are important for establishing accountability, 93.5% of them agreed with the statement, while only 6.5% disagreed. Respondents were once more asked if the information released by the IFMS is pertinent and provides the public with a complete picture of their financial activity by ensuring appropriate accountability. 97.1% of the respondents agreed with this statement, while 2.9% disagreed. When asked again about the statement that financial reporting is made simple by IFMS, 100% of respondents agreed. This shows that IFMS has simplified the task of financial accountability. Furthermore, respondents were asked if IFMS provides value for money, 100% of the respondents agreed with the statement. Finally, when asked if IFMS facilitates internal controls, all respondents agreed with the assertion. This shows that the Kabale District local government's financial performance has improved as a result of IFMS. Given the kind of responses and the descriptive statistics presented above, it is clear that there is IFMS based on the fact that all respondents agreed with the assertions chosen to represent IFMS. Following the examination of quantitative data, qualitative analyses of qualitative data produced by key informant interviews were carried out. The qualitative findings on IFMS are shown below.

Responses from One respondent

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

Response from the second respondent.

"A framework for combining financial resources and operational processes is provided by an entity's IFMS. By removing redundant tasks and duties throughout the chain of command for the entity, this also expedites the processing of transactions and the delivery of financial information. Increased leverage from systems integration allows for the centralization of shared services, which lowers the expenses of maintaining different operational units for the shared services. Implementing IFMS software improves local government's ability to supply services financially. In fact, increasing citizen satisfaction and increasing efficiency and effectiveness in service delivery are both greatly aided by the strategic value of information technology. It enables the government agencies to react to changes in the accountability process"

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

Hypothesis testing

To be able to generalize the results from the population samples, the study put the putative hypotheses to the test. Statistical inference was used to accomplish this. In order to determine whether there was a relationship between the independent and dependent variables, its strength and direction, to create a relationship model, and to test the hypotheses, correlation and regression analyses were carried out. The Pearson's product moment correlation coefficient was therefore employed to calculate the strength of the association, as shown in the table below, in order to disprove the alternative hypothesis that IFMS had no **effect** on financial performance.

Table 4. Correlation analysis for IFMS

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

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

Source: Primary Data 2022

There is a correlation coefficient displayed in Table 4.6 above. The correlation coefficient between IFMS and financial performance is positive at 0.862. In order to ascertain the strength of the association between IFMS and financial performance, or how much of the variance in the independent variable would affect the dependent variable, a regression analysis was thus conducted. Showing the model summary of IFMS

Table 5. Model Summary

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

a. Predictors: (Constant), IFMS

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

Regression output summary on, IFMS

Table C coefficients^a

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

a. Dependent Variable: Financial performance

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

which "IFMS does not affect financial performance at Kabale district local government," is thus rejected by the researcher.

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

This section presents the descriptive statistics based on the views of respondents regarding program-based budgeting system on financial performance at Kabale District local government.

Table 6. descriptive statistics

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

Source: Primary data 2024

The four assertions in Table above were used to gauge how the Programme-based Budgeting System (PBBS) was doing financially at Kabale District Local Government. When respondents were asked if the PBBS facilitated planning, 100% of them agreed with the statement. This suggests that PBBS has had a significant impact on the local government of Kabale District's financial performance. When asked again whether PBBS make budgeting easier, all respondents agreed with the statement 100% of the time. More respondents were questioned on whether budgeting aids economic policy in achieving its desired goals and objectives in accordance with its economic strategic blueprint. 6.5% of respondents were unsure, leaving 93.5% of respondents in agreement with the statement. Finally, when asked if the budget should be based on initiatives that pool spending toward a common goal, 96.4% of respondents agreed with the statement, with 3.6% disagreeing. This shows that PBBS are essential to the operations of the Kabale district local government since they enhance financial performance.

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

Hypothesis Testing;

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

Table 7. Table Correlation analysis PPBS on financial performance

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

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

Source: Primary Data 2024

The correlation coefficient in Table above is 756**, significant at the 0.01 level, indicating a very strong significant positive link. Thus, in order to ascertain how PPBS might impact Kabale District Local Government's financial performance, a regression analysis was conducted. This shows the degree to which the dependent variable might be impacted by the independent variable's volatility.

Table 8. Table Model summary PPBS

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.756 ^a	.099	.087	.32040

a. Predictors: (Constant), PPBS

Source: field data 2024.

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

Table 9. Regression output summary of PPBS

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

a. Dependent Variable: Service delivery

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

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

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

Table 10. A summary integrated personnel and payroll system

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

When asked whether the integrated personnel and payroll system serves as a channel for the organization to communicate about salaries and wages, 98.6% of respondents agreed with the statement, compared to 1.4% of respondents who disagreed with it (see Table 4.13 above). This question was part of an effort to gauge the impact of an integrated personnel and payroll system on the financial performance at Kabale District local government. When asked again if integrated personnel and payroll system aids in establishing a consolidated database, all respondents (100%) agreed with the statement. When more respondents were questioned about whether the integrated personnel and payroll system supported individual planning and decision-making, 100% of them agreed with the statement. When asked if automated personnel record storage would help with employee enrolment, all respondents said "yes" with a score of 100%. Last but not least, when asked if integrated personnel and payroll system helps monitor spending and minimize wastages and leaks based on factual personnel data and information, 100% of respondents agreed with the statement. This shows that integrated personnel and payroll system has an impact on the local government of the Kabale District financially. After conducting quantitative data analysis, qualitative analyses were performed on qualitative data that had been generated through key informant interviews. On the effect of integrated personnel and payroll system on financial performance at Kabale District local government the qualitative findings are presented hereunder.

Respondent

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

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

Hypothesis Testing;

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

Correlation analysis on Integrated personnel and payroll system and financial performance

Table 11. Table Correlations

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

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

*The correlation coefficient in Table 4.14 above is 829**, significant at the 0.01 level, indicating a very strong significant positive link. In order to ascertain the extent of the impact of the integrated personnel and payroll system on the financial performance of the Kabale district local government, a regression analysis was conducted. This shows the degree to which the dependent variable might be impacted by the independent variable's volatility. Thus, to ascertain the contribution and influence of the relationship between integrated personnel and payroll system on financial performance at Kabale District local government, regression analysis was conducted.*

Model summary of the Integrated personnel and payroll system

Table 12. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1				
1	.829 ^a	.159	.154	.14749

a. Predictors: (Constant), Integrated personnel and payroll system

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

Table 13. Regression output summary on Integrated personnel and payroll system

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

a. Dependent Variable: **Financial performance**

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

Empirical finding on financial performance

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

Table 14. Table A summary of the findings

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

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

5. DISCUSSION

The findings indicate that, integrated financial management systems (R=862), programme-based budgeting system and integrated personnel (R=756 and integrated personnel and payroll system (R=829) have a positive significance on the financial performance at Kabale District local government. The advantages of IFMIS could be seen as philosophical in terms of promoting responsibility in local

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

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

6. CONCLUSIONS AND RECOMMENDATIONS.

6.1. Conclusion

The results and analyses of the study show a substantial correlation between digital technology and Ugandan local government financial performance, namely in the Kabale district local government. This suggests that Kabale District local government's financial performance will improve as a result of the successful adoption of integrated financial management systems, program-based budgeting systems, and integrated personnel and payroll systems.

6.2. Recommendations.

The survey found that most respondents believed that integrated personnel and payroll systems, program-based budgeting systems, and integrated financial management systems had a significant influence on Kabale District's long-term financial performance. Therefore, the study suggests that if Kabale District local government wishes to sustain their enterprises, they should concentrate on integrated personnel and payroll systems, program-based budgeting systems, and integrated financial management systems.

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