



**MANAGEMENT CONTROL SYSTEM, INTERPERSONAL TRUST AND FINANCIAL
MANAGEMENT IN BUSOGA SUB-REGION LOCAL GOVERNMENTS**

BY

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DECLARATION

I **KAKUNGULU David Kigenyi**, declare that this research dissertation is my original work, except where due acknowledgement has been made. I declare that this work has never been submitted to this University or any other institution for partial fulfilment of any award.


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APPROVAL

This is to certify that this dissertation has been submitted for examination with our approval.

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DEDICATION

This work is dedicated to my parents, Mr. Kakungulu James Zadoch and Mrs. Nakasango Jane; my cherished wife, Mrs. Namugaya Eva; and my children Fortunate, Peace, Ryan, and Ethan who provided me with financial and non-financial assistance. Thanks go to the Almighty God who has enabled me to accomplish my academic expedition.

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ACRONYMS

AG	Auditor General
FM	Financial Management
FY	Financial Year
GAO	Government Accountability Office
HCM	Human Capital Management
IFMIS	Integrated Financial Management Information System
IGG	Inspectorate of Government
IT	Interpersonal Trust
LGs	Local Governments
LST	Local Service Tax
MCS	Management Control Systems
MDAs	Ministries, Departments and Agencies
MoFPED	Ministry of Finance, Planning, Economic and Development
MoLG	Ministry of Local Government
NDP	National Development Plan
NPA	National Planning Authority
PAYE	Pay As You Earn
PBS	Programme Based System
UGX	Uganda Shillings (The national monetary currency of the Republic of Uganda)
URA	Uganda Revenue Authority
YLP	Youth Livelihood Programme

ABSTRACT

This study examined the mediating role of interpersonal trust in the relationship between management control system and financial management in Local Governments in the Busoga sub-region, Uganda; relying on the agency and stewardship theories. A cross-sectional survey approach was adopted targeting 120 local governments. Data were analyzed using SPSS v.27 and *MedGraph v3*. The study found a relationship between management control systems and financial management, established that interpersonal trust partially mediated the link between management control systems and financial management, and lastly, found that management control systems correlated with interpersonal trust. This study makes the following important contributions to the financial management literature: organisational leadership should endeavour to reinforce the existing management control systems because they are strong pillars that contribute to the stability and success of financial management in Local Governments, institutional managers should ensure that the interpersonal is promoted, since it builds group cohesion and later, galvanises teamwork that if it is well harnessed, heightens the existing quality of institutional financial management. The study limitations and areas for further research were: common method bias in self-reported data makes it challenging to accurately determine causal-effect relationships. Future research should use multiple source data, such as supervisor-subordinate dyads, to obtain independent ratings on management control systems, interpersonal trust, and financial management; also, the study's findings, based on Accounting Officers, which may not apply to other organisations or local populations, prompting future research with employees in other sectors, and finally, the research used a quantitative approach to explain financial management in Local Governments, but a hybrid approach with qualitative elements could provide deeper insights.

Keywords: Management Control Systems, Interpersonal Trust; Financial Management

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CHAPTER ONE

INTRODUCTION

1.1 Introduction to the Study

This chapter contains the background to the study, problem statement, study purpose, specific objectives, hypothesis, study scope, significance of the study, and the conceptual framework.

1.2 Background to the Study

Local governments (LGs) have been designated as centres of quality service delivery that primarily provide front-line services in most basic service areas (OPM, 2020). They deliver services to the community under health, education, works and transport, water and environment, lands, housing and urban development, trade and industry, production and marketing community-based services and public administration and management (Cathrine, 2021). This scale of mandate requires a culture of robust financial management to meet the increasing local governments' requirements such as planning, budgeting, accounting, financial reporting, assets management, procurement, and external auditing (Anwar & etl, 2014). Financial management is the science and art of financial planning, allocating, evaluating, and reporting financial resources to achieve the set objectives, goals and performance targets (Adekoya, 2023). Financial Management (FM) is associated with good governance, efficient management of public resources, proper budgeting and budget execution, planning, allocation of funds, revenue management, procurement, financial reporting and accountability to achieve organizational goals and success (MoFPED, 2017).

Despite the associated benefits of financial management, studies reveal declining financial management among local governments. For example, in the USA, there has been serious financial management weaknesses as the Federal Government has failed to adequately account for federal transactions and balances between agencies and properly prepare the financial statements accompanied by ineffective information system controls (GAO, 2021). Furthermore, in China, according to the recent development of state-owned enterprises, the situation pointed out that internal control imbalance, improper management of funds and inefficient personnel quality has daunted financial management (Tao & Jiao, 2018).

This situation is not any different from countries in Africa whereby in South Africa, according to the report by Mothupi (2022), local government still struggles to achieve clean audit reports due to resource mismanagement which has invariably affected service delivery mandates (Victor, 2022). Similarly, in Nigeria, financial management challenges have become prevalent within local government administration with reported cases of fund mismanagement, insufficient budgetary allocations, and corrupt practices (Joel, Ihenyen, & Macauley, 2023; Akintaro, Gberevbie, Adenuga, & Olumuyiwa, 2019).

In Uganda, LGs continue to encounter declining financial management despite the intervention by the government to establish various institutions such as the State House Anti-Corruption Unit, the Inspectorate of Government, and the Office of the Auditor General, to monitor the proper utilization of funds (MoFPED, 2023). The Auditor General's report for FY2020/21 highlighted several anomalies that depict financial mismanagement such as unsupported adjustments, unaccounted-for funds, misclassification of expenditure, wrong recognition of deposits received during the year poor budget execution which is an indicator of mismanagement of government resources in Busoga sub-region. For instance, an audit of remittances of statutory deductions revealed that Kaliro DLG lost UGX314 million through the transfer of wage funds to a fictitious supplier, in addition, GoU lost revenue of UGX 5.9 billion due to under-remittance of PAYE and LST to URA and LG collection accounts respectively and the LG over remitted UGX 928 million to beneficiary institutions, resulting into financial loss (OAG, 2021). Inspectorate of Government further highlights several cases investigated that range from abuse of office, forgery, embezzlement of funds, bribery and false accounting (IGG, 2022). Busoga sub-region district LGs present a similar state according to the Auditor General's report for the F/Y2022/23, failure to absorb warranted funds, recover revolving funds for UWEP and YLP, unaccounted for funds, poor budget execution also confirms poor financial management in the sub-region (AG, 2022). The report further revealed that Kaliro District LG diverted UGX314,678,624 from the wage bill to cater for activities that are not related to the wage. Similarly, Luuka District LG paid a total of 4,544,725 to ineligible employee which led to a financial loss to the GoU (AG, 2022). According to the IGG, 10 Bugiri DL officials were arrested and remanded for aiding and abetting the irregular salary payments thereby causing the government a loss of 1.2 billion (Observer, 2024).

This study was rooted in two theories: that is, the agency and stewardship. The Agency theory as proposed by Jensen and Meckling (1976) presupposes two parties to a contract namely: the agent and principal who have different competing interests that gives rise to two major agency problems namely (information asymmetry and moral hazard) (Ekanayake, 2004). This problem creates divergent goals among these parties since each has a target to achieve, and in this case, financial management is bound to be at variance in an organisation. Therefore, the Agency theory argues that the actions of the agent should be subjected to monitoring—which is deemed to be essential for improved financial management. Management control systems represent one of the monitoring mechanisms through which the organisation can ensure robust financial management (Ekanayake, 2004). MCS through its indicators of internal control and audits, compliance checks, performance measurement and evaluation are necessary for improved financial management (Munkasu & Nsama, 2024). However this theory has inherent weaknesses, for example, it is a self-interest theory, which means that the agent and principal have interests centered on themselves. Based on this weakness, the Stewardship Theory by Davis & Donaldson, (1997) can be relied on as a cure of the weaknesses in the Agency theory.

The Stewardship theory is about goal convergence and argues that a steward recognizes that individualistic, opportunistic, and self-serving goals will be met if work is done for the greater good of the organisation. Stewards are motivated by intrinsic rewards, such as trust, reputational enhancement, reciprocity, discretion and autonomy, level of responsibility, job satisfaction, stability and tenure, and mission alignment. Fundamentally, stewardship theory relies significantly on the principal's and steward's initial trust disposition. Motivational support is positively linked to stewardship behaviour. The interpersonal relationship within the stewardship concept builds mutual trust between the leader and the follower through relational leadership behaviours. Other than that, contextual support positively could influence creativity and be linked to stewardship behaviour and motivational support as well. It is considered that executives or subordinates are driven to work in the best interests of their superiors and prioritise pro-organizational, collectivistic actions, which imply that the steward will always be devoted and prioritise the objectives of the company over personal gain

Studies show that management control systems influence financial management (Mazur, et al., 2021). This is because management control systems build better practices such as efficient and proper financial management practices indicated by compliance checks, and profit measurement systems (Zuraidah & Razana, 2015). Similarly, trust has been found to predict financial management (Maria, José, & Concha, 2008). This is because trust supports cooperation among stakeholders, builds competence and goodwill, facilitates timeliness, fair presentation and accessibility of financial reports, strengthens internal control activities, and timely accountability (Fuad & Winarsih, 2021). These studies have however been industry and country-specific as some are in the manufacturing sector, and not in local government. It is, therefore, difficult to conclude that FM situation previously established would be applicable in the case of Uganda. Secondly, these studies are basic and only show a direct relationship between variables but do not address the underlying mechanism through which control systems would predict financial management. Scholars such as Lau and Sholihin (2005), and Lau, Wong, and Eggleton (2008) have called for the integration of process variables to aid the process of explaining the relationship between management control system and financial management. Therefore, interpersonal trust is introduced in the conceptual framework as a mediator variable that connects MCS to FM. This study therefore intends to establish the role of interpersonal trust as a mediator in the association between management control systems and financial management in local management in the Eastern region, with specific emphasis on the Busoga sub-region.

1.3 Statement of the Problem

Despite of the financial management reforms put in place by the local government to improve service delivery across all districts in Uganda such as program based-budgeting system, integrated financial management system, integrated personnel payroll system, human capital management, single treasury account, electronic government procurement, the challenge of financial management persists in Busoga sub-region local governments (MoFPED, 2023). Auditor General's (AG) report for FY2020/21 highlighted several anomalies that depict financial mismanagement such as unsupported adjustments, unaccounted-for funds, misclassification of expenditure, wrong recognition of deposits received during the year poor budget execution which is an indicator of mismanagement of government resources in Busoga sub-region. For instance, an audit of remittances of statutory deductions revealed that Kaliro DLG lost UGX.314m through the transfer of wage funds to a fictitious supplier, in addition, the

Government lost revenue of UGX.5.9b due to under-remittance of PAYE and LST to URA and LG collection accounts respectively and the LG over remitted UGX.928m to beneficiary institutions, resulting into financial loss (OAG, 2021). Inspectorate of Government further highlights several cases investigated that range from abuse of office, forgery, embezzlement of funds, bribery and false accounting (IGG, 2022). Busoga sub-region district LG presents a similar state according to the auditor general's report for the F/Y2022/23, failure to absorb warranted funds, recover revolving funds for UWEP and YLP, unaccounted-for funds, poor budget execution also confirms poor financial management in the sub-region. (AG, 2022). The report further revealed that Kaliro District diverted UGX.314, 678,624 from the wage bill to cater for activities that are not related to the wage. According to the IGG, 10 Bugiri DL officials were arrested and remanded for aiding and abetting the irregular salary payments thereby causing the government a loss of 1.2 billion (Observer, 2024). Evidence from the AG report for the F/Y2022/23 shows poor budget allocation whereby under the health department, instead of allocating 60 per cent to upgrade a new construction as per the health sub-programme grant, budgeting and implementation guideline for LG for 2022-2023, the district allocated 100 per cent leading to an over-allocation by UGX. 386,728,225 (40 per cent) and this negatively affected the achievement of intended health services. This, therefore, warrants further investigation.

1.4 Purpose of the Study

The study aimed at examining the mediating role of trust in the relationship between the management control system and financial management in LGs in the Busoga sub-region (Uganda).

1.5 Specific Objectives

The intended to achieve the following specific objectives:

- i.** to examine the relationship between the management control system and financial management LGs in Busoga sub-region (Uganda);
- ii.** to establish the relationship between interpersonal trust and financial management LGs in Busoga sub-region (Uganda);

- iii. to examine the relationship between the management control system and interpersonal trust LGs in Busoga sub-region (Uganda);
- iv. to determine the mediating role of interpersonal trust in the relationship between the management control system and financial management LGs in the Busoga sub-region (Uganda).

1.6 Study Hypothesis

H₁: Management control systems and financial management are positively and significantly associated

H₂: Interpersonal trust is positively and significantly related to financial management

H₃: Management control system is positively and significantly associated with interpersonal trust

H₄: Interpersonal trust significantly mediates the relationship between management control system and financial management

1.7 Scope of the Study

The study scope included the geographical, time and content scope and it is presented as follows:

1.7.1 Geographical Scope

The study targeted all 172 local governments in the Busoga-sub region. These local governments are housed in 11 districts, 1 city, 3 municipalities, 8 divisions, 47 town councils, and 102 sub-counties (see Appendix II for details). The choice of the LGs in the Busoga-sub region is based on the fact that cases of lopsided financial management have been reported in many fora with evident cases of remitting unspent public funds to the Central Treasury (OAG, 2022; OAG, 2023).

1.7.2 Time Scope

The study was based on literature from the past five (5) years effective from 2019 to 2024. This period depicted aspects of financial mismanagement issues as raised by the Auditor General Reports such as mismanagement of funds, among others (OAG, 2022). However, the data collected were compressed and studied within a $1\frac{1}{3}$ year duration since this was a cross-sectional study.

1.7.3 Content Scope

This study focused on how trust mediates management control systems and financial management of LGs in the Busoga sub-region. Special attention was on management controls like internal control and audits, information systems and information processing, performance measurement, and evaluation; including compliance checks, and how these have enabled LGs to plan, budget, report, manage assets, and procure goods and services to achieve the intended objectives.

1.8 Significance of the Study

The study is likely to benefit the Ministry of Local Government from the perspective of policy management where new policies might be formulated and the old ones re-examined in the context of the study, all efforts aimed at improving financial management in LGs.

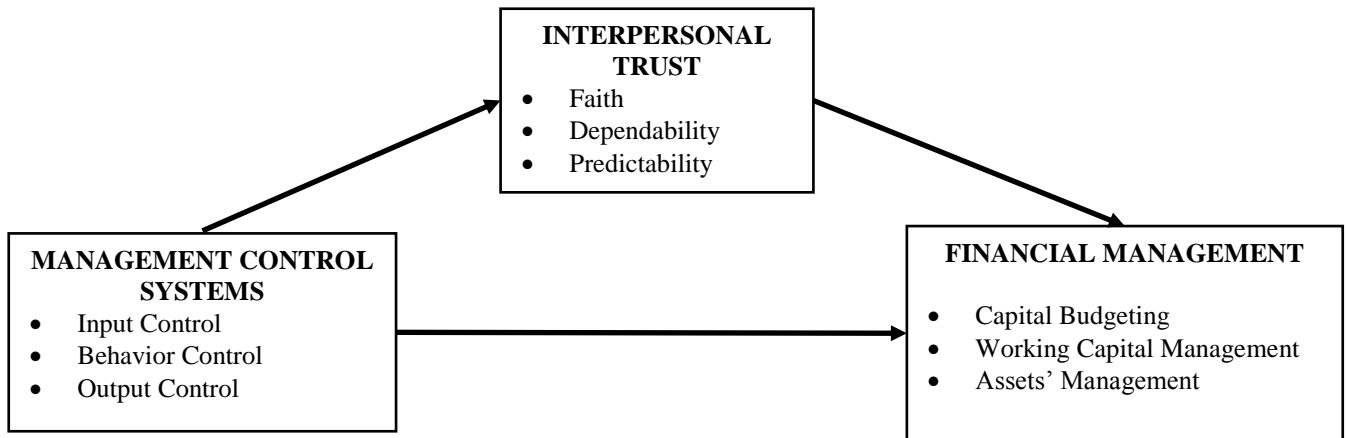
This study is likely to benefit the scholars in several ways: it might add to the literature of financial management the relevance of interpersonal trust as a mediator variable preceded by management control system; also, more knowledge content arising from this investigation is likely to be loaded on the financial management area with information emerging from the management control systems, and interpersonal trust.

To the sub-regional LGs, in terms of operational capabilities, the findings arising from this study might help respective management teams in the fiscal improvement in areas of revenue generation and further utilisation of such financial resources in line with *National Development Plan III*, Uganda's *Vision 2040*, and the global *Sustainable Development Goals* that advocate for efficient and effective fiscal management for public service delivery, and sustainable growth (NPA, 2020; NPA, 2015; UN, 2015).

With the reforms in MDAs and LGs through means such as HCM, IFMIS, and PBS, among others, the operations of ministries such as MoFPED are likely to be more efficient and effective in the sense that work that would have relied heavily on paperwork, is greatly reduced through automated online systems which immensely improve on the internal operational efficiencies of

the MDAs, and LGs. This means that matters of management control system, and generally financial management are greatly enhanced in the LGs to benefit ministries such as MoFPED.

1.9 Conceptual Framework



Sources: Rempel and Zanna (1985); Malmi and Brown (2008); Otoo, (2024); Ekanayake, (2004).

Figure 1: Conceptual Framework

The links between theoretical constructs are shown in Figure 1 above. From the above framework, it is hypothesised that the management control system directly predicts financial management. Also, the link between the management control system and financial management is mediated by interpersonal trust[(Suhail& Majid, 2022), Teemu & David (2008), and Gede (2015)].

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter provides a review of the related literature. It is structured as follows: theoretical review, conceptual review, empirical review and chapter summary.

2.2 Theoretical Review

This study was grounded on two theories namely: the Agency Theory proposed by Jensen and Meckling (1976), and the Stewardship Theory by Davis and Donaldson, (1997). These theories were selected because they provide reliable explanations under the current circumstances for the occurrence and persistence of FM in LGs of the Busoga sub-region in Eastern Uganda.

2.2.1 *The Agency Theory*

The Agency theory as proposed by Jensen and Meckling (1976) presupposes two parties in a contract namely: the agent and principal who have different competing interests. These interests give rise to two major agency problems (that is, information asymmetry and moral hazard) (Ekanayake, 2004). By extension, these competing interests can be counterproductive to the goal of the organization and could affect institutional performance such as financial management. This theory suggests that the actions of the agent should be subjected to monitoring, which in this case, makes it an essential component that is important for improved organisation's financial management. Management control systems represent one of the monitoring mechanisms through which the organization can ensure robust financial management (Ekanayake, 2004). MCS through its indicators of internal control and audits, compliance checks, performance measurement and evaluation are necessary for improved financial management. The main contribution of this theory to this study is the generation of the first independent variable, which is the management control system that will be used in the examination of financial management. Notably, this theory is not free from weaknesses. Its major challenge is its inherent weaknesses

of self-interest that is usually common with the principal and agent of firms (Allani, 2024). The self-interest challenge is ably cured by the Stewardship theory of Davis and Donaldson (1997).

2.2.2 The Stewardship Theory

The stewardship theory by Davis & Donaldson, (1997) is about goal convergence and argues that a steward recognizes that individualistic, opportunistic, and self-serving goals will be met if work is done for the greater good of the organisation. Stewards are motivated by intrinsic rewards, such as trust, reputational enhancement, reciprocity, discretion and autonomy, level of responsibility, job satisfaction, stability and tenure, and mission alignment. Fundamentally, stewardship theory relies significantly on the principal's and steward's initial trust disposition. Motivational support is positively linked to stewardship behaviour. The interpersonal relationship within the stewardship concept builds mutual trust between the leader and the follower through relational leadership behaviours. Other than that, contextual support could positively influence creativity and be linked to stewardship behaviour and motivational support. From this theory, we pick interpersonal trust as the second independent variable that will be used to estimate the model of financial management among the LGs in the Busoga sub-region (Uganda).

2.3 Conceptual Review

2.3.1 Financial Management (FM)

Various scholars have defined FM in different ways including: FM is concerned with planning, raising, controlling, and administering the funds used in the business. To accomplish its goals effectively and efficiently, (FM) entails the strategic planning, organising, directing, and control of an organization's financial resources. It includes tasks like financial reporting, risk management, investment choices, cash flow management, forecasting, and budgeting (Pandey, 1995). It has also been defined as a sub-system of the general management of an enterprise that aims at the provision of essential financial resources which are allocated and distributed profitably and added value addition to the organisation (Irina & Cheotghe, 2018). As a means and not an end in itself, Irina and Cheotghe (2018) contend that FM involves the organisation and systemic management of financial activity based on the income and expenditure budget through fiscal estimate, the control of the proposed financial objectives and continuous tracking in the management of assets for prevention of the risks.

Therefore, within the LG systems, FM is concerned with ensuring funds that funds for service delivery are available when required and used in the most efficient and effective way to benefit the citizens. In a local government setting, this is enforced by MoFPED through the legal regime comprising of the *Financial and Accounting Regulations, 2007* and *Accounting Manual, 2015* as catalysts for revenue collection and allocation of funds for planned activities (Tomasi & Akumu, 2018).

2.3.2 Management Control Systems (MCS)

The process of ensuring that organisational resources are in line with the organisation's objectives, connecting strategy and operational control, and providing managers with formal control systems is known as management control (Hofstede, 1981; Otley et al., 1995). Management controls can be affected by processes, tools, and mechanisms such as budgeting, financial reporting, and cost leadership. MCS refer to the formal procedures and systems that utilise information to preserve or change designs in an organisational activity (Simons, 1987) targeting the human, physical, and financial resources and also the organisation as a whole given the organisational strategies. MCS influences the behaviour of organisational resources to implement organisational strategies (Habibollah & Baqer, 2010). This definition covers information-use-based planning, reporting, and monitoring systems and procedures.

In literature, management controls have been studied in separation with less regard to how they affect other organisational outcomes or systems as packages (Bedford, Malmi, & Sandelin, 2016). This study considers MCS as antecedents to IT and FM, a hitherto explored relationship in previous works.

2.3.3 Interpersonal Trust (IT)

IT studies are now deeply entrenched in organisational research owing to the importance of individual employees in workplaces. IT is built on one's mental state encompassing the intention to accept vulnerability based on positive expectations of the intentions or behaviour of another person (Rousseau et al., 1998). It is a belief that another person or group may be trusted with their word, promise, or verbal communication (Rotter, 1967). In this interpersonal relationship a trustor is predisposed to a trustee's activities because of the anticipation that the

trustee will take a specific action (Rousseau, Sitkin, Burt, & Camerer, 1998; Schoorman, Mayer, & Davis, 2007).

2.4 Empirical Literature

2.4.1 Management Control System and Financial Management

Several scholars globally agree that management control systems significantly impact financial management in organizations (Malowa, 2021; Habibollah & Baqer, 2010). MCS is important to the extent that it is a quality assurance tool that can be used to regulate the functions of any organisation. It plays the role of restricting certain operations from progressing that are considered to be harmful to the general progression of an entity. According to behaviour-output control theory (BOCT), workers can be held responsible for meeting predetermined expectations by having their behaviour compared to those expectations (Cardinal, Kreutzer, & Miller, 2017). Some of those expectations could be positive inputs towards the outcomes like organisational performance, including financial performance.

Masanja (2024) argues for the positive and significant relationship between MCS and FM among the educational training institutions in Tanzania. Using a survey method, Masanja's research was able to establish that a relationship existed among these variables. This is a commendable contribution that comes from an East African setting and it is current and informative. Whilst this study unravelled the hidden relationship, it might be difficult to generalise the findings to fit the LGs' setting even if they are East African by location. This is because of variances in terms of service delivery and expected outputs that are dissimilar. Therefore, this study investigated the relationship within the setting of LGs because these entities play a vital role in service delivery at the grassroots level including the provision of basic education.

Relatedly, Munkasu & Nsama (2024) in Zambia, found that there was a correlation between MCS and the financial management of the Zambia Airports Corporation Limited, arising from the observed dismal performance of selected parastatal as captured in the Auditors General's report for the year ended 31st December 2020 in Zambia. It is important to note that whereas some parastatals like Zambia Airports Corporation Limited are established to provide both cargo and flight ambience to consumers and users of air services, they are also interested in generating revenue with a profit orientation. On the contrary, the LGs are not-for-profit State bodies, and it

is, therefore, imperative to establish how a relationship that makes MCS relate with FM occurs, and at what point it becomes tenable. Arising from this, it is hypothesised that:

H₁: *There is a positive and significant relationship between MCS and FM*

2.4.2 Interpersonal Trust and Financial Management

Research indicates that one's IT can affect other individuals, it is person-to-person and also can affect work teams in terms of job performance and is important in the problem-solving domain and in dealing with organisational challenges including financial management (Lau & Sholihin, 2005). In a situation of poor financial performance, this situation can be curbed by fostering IT between the superiors and subordinates and creating of an environment that is allowed to discuss and express their feelings. This reduces their stress and conflict, hence improving job performance, including financial performance.

Various scholars worldwide agree that trust significantly impacts financial management in organizations (Francis, 2023; Yurmaini, Elwardi, & Khairil, 2021). In observance of this, Yurmaini, Elwardi, and Khairil (2021) argue that trust can be counter-measured by providing liquidity, intensifying investment strategy flexibility, and through the improvement of credit ratings.

Trust affects team performance (Morrissette & Kisamore, 2020). This means that trust has a contagion on people's teams and in effect, affects organisation outcomes such as financial performance. Given this, a study featuring IT on a population of police officers at Kyrgyz National Police (KNP) in Kyrgyzstan found that a combination of IT and other proximal variables such as commitment led to an increased level of institutional performance of the KNP (Bakiev, 2013). Arising from this, it is hypothesised that:

H₂: *There is a positive and significant relationship between IT and FM*

2.4.3 Management Control System and Interpersonal Trust

Interpersonal trust is both affective and cognitive, including being relational where one party in a relationship takes a risk of forfeiting his emotions and willingly accepts without question that the other party has to be trusted (Rotter, 1967; Schilke, Reimann, & Cook, 2021). There is a growing consensus among organisational researchers with a tinge on accounting functions of

organisations that, interpersonal trust can be predicted by the MCSs (Erkki, 2024; Patricia & Márcia, 2017).

According to Langfield and David (2003), MCS in outsourcing organisational relationships fosters conditions that breed trust and directly build trust. According to them, exceptional stability and trust create a stage on which the initial circumstances develop, and their accomplishments motivate the partners to work together.

Josep and Prabhu (2017), in a similar study of MCS and IT in a virtual setting, found that extensive use of formal MCS in new product development was stronger where IT was deeply infused in the project design before implementation. Erkki (2024) additionally argues that MCS arouses trust by providing stability, which enhances accountability for mutual achievements and facilitates solving conflicts in cooperation.

Coletti (2005) found evidence that posits that a strong control system can enhance the level of trust among people in any setting. He further provides evidence that the mediating role of control- which had a big capacity that induced collaboration between people. Coletti's study concludes that the benefit of a management control system strength springs from the trust which implies that organisations must have a stronger control system for this benefit.

To further investigate whether organisational controls facilitate or hinder employees' trust in their organisation, Weibel, et al. (2016) addressed the matter through a mixed-methods design using three studies. All the studies concluded that well-executed organisational controls possess a beneficial impact on staff members' opinions of procedural justice and the organisation's prestige, which will both directly and indirectly increase employees' trust in the organisation.

Arimie and Oronsaye (2020) report on a study that was conducted in Poland among Telecommunications Company. The study found that interpersonal trust among employees had a link with competence and effective relations, which becomes possible through an effective presence of organisational control systems. Arising from the above, the following hypothesis is derived:

H₃: *There is a positive and significant relationship between MCS and IT*

2.4.4 Management Control System, Interpersonal Trust and Financial Management

Trust has also been conceptualised as the willingness of an individual (that is, the trustor) to become vulnerable to another person (that is, the trustee). In taking this risk, the trustor supposes that the trustee will act in a way that is conducive to the trustor's welfare regardless of the trustee's actions being outside the trustor's control (Schilke, Reimann, & Cook, 2021). Interpersonal trust has been established to be an effective mediator variable in previous studies (see, Huang, Qiu, Yang, & Deng, 2021; Wei, Xu, & Wu, 2020). Cropanzano and Mitchell (2005) contend that in social exchange partnerships, resources are gradually exchanged without formal contracts, and reciprocal acts of assistance are involved. There is heavy reliance on trust at this point. Both parties gain from the reciprocity practice, which gives rise to this trust. Thus, trust adheres to the trade model outlined by Clark & Mills (1979). Earlier research indicates that the MCS, are linked to IT (Celli, 2022). This means that close work relationships among individuals that involve cognitive trust may allow for organisational outputs such as financial management to occur (Dirks, 1999). Also, studies have demonstrated that MCS are related to FM (Alkhafaji, Talab, Flayyih, & Hussein, 2018).

Previous studies have occasionally indicated that management approaches perceived as control-oriented or as encouraging involvement, trust, and commitment are incompatible with control and trust. The study's findings refute this theory and indicate that putting organisational controls in place may help build trust inside the organisation. Controls can improve worker performance in two ways: directly and indirectly, by building trust. This implies that the relationship between trust and control systems is nuanced and can be attributed to how behaviour is managed (Verburg, et al., 2017).

A past study has shown that in an economic situation where parties anticipate higher economic inequality, there is enhanced social vigilance which overestimates the interparty hostility (Cheng et al., 2021). In a similar vein, where the performance targets of employees are geared towards the attainment of a robust financial trust built on IT, financial performance as an outcome is expected to be buoyant. Several empirical studies have also shown that the establishment of trust

is necessary for pro-social behaviour (Margoni et al., 2022; Zheng et al., 2020). Recent research indicated that financial management can be built on the pillars of trust, which qualifies it to be an outcome that contains trust (Lismawati, 2024). Additional studies have argued that as IT rises, general pro-social behaviour also rises (Tsai, Ju, & Chen, 2022). Therefore, it can be suggested that trust might serve the role of a mediator variable in the association between MCS and FM. Specifically, it is hypothesised (**H₄**) that *'IT mediates the relationship between MCS and FM'*

2.5 Chapter Summary

This chapter has presented the conceptual and empirical literature given the study's specific objectives and hypotheses. The next chapter presents the methodology that helped realise the study's aim and objectives as formulated in Chapter One.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This section dealt with the ways new information is going to be generated towards an additional understanding of the concept of *financial management* in the context of LGs in Uganda. It encompasses the introduction, research design, study population, sample size, techniques, determination and procedure, unit of analysis and unit of inquiry, conceptualisation, operationalisation and measurement of variables, instruments, reliability and validity analysis, hypothesis and regression analysis and ethical consideration.

3.2 Research Design

Research design is an outline of the steps that will be followed in the data collection and analysis process to provide answers to the research questions (Leavy, 2022). This study followed a cross-sectional research design (a strategy that collects data quickly (Hagenauer, Muehlbacher, Kuhn, Stephan, & Gläser-Zikuda, 2023), as well as following a quantitative approach. This was a preferred study design because it enables research to be conducted at a comparatively low cost, is quite effective in terms of the time spent by the researcher and participants, and can answer a wide range of questions (Spector, 2019).

3.3 Study Population

A research population is a well-defined group of people or things that are known to share comparable traits or share a common attribute or quality (Willie, 2023). In this study, the population consisted of 172 Local Governments (LGs) in the Busoga-sub region which consists of 11 Districts, 1 City, 3 Municipalities, 8 Divisions, 47 Town Councils, and 102 Sub-Counties (EC, 2022) as seen in Appendix I. The reason for choosing these LGs is that public service delivery in the Busoga sub-region has been below the expected standards (OAG, 2021), which indirectly aligns well with the nature of financial management executed by the responsible line officers managing public funds. Therefore, by examining these institutions keenly we come up

with mechanisms that can mitigate weak service delivery occasioned by the quality of financial management under the care of LG managers in these areas.

3.4 Sample Size Determination and Procedure

This study relied on formula led sample size determination approach of *Yamane* (Yamane, 1967) as shown below:

$$n = \frac{N}{1 + N(e)^2}$$

Where n = Sample Size

N = Total/Target Population

e^2 = Margin of Error (5%)

1 = Theoretical Constant

Using the above formula and guided by the population profile in Table 3.1, the sample size for **Financial Managers** is **120** was proportionally determined from the **172** LGs using the formula below. This will consist of 172 Local Governments (LGs) in Busoga-sub region that consists of 11 Districts, 1 City, 3 Municipalities, 8 Divisions, 47 Town Councils, and 102 Sub-Counties (EC, 2022)

Table 3.1: Sample Size Determination for Each Local Government

LG Type	Population	Proportion	Sample Size	Sample Selected
1. Districts	11	6.4	120	8
2. Cities	01	.6	120	1
3. Municipalities	03	1.7	120	2
4. Divisions	08	4.6	120	5
5. Town Councils	47	27.3	120	33
6. Sub-Counties	102	59.3	120	71
Total	172	100	120	120

Source for LGs:(EC, 2022)

3.5 Sampling Technique and Procedure

After the determination of the sample size, since the study cases were located in different groups (LG types), stratified sampling approach (is a method of obtaining a representative sample from different homogenous groups divided into relatively similar sub-populations/strata, was used.

After this, the researcher applied simple random sampling approach in each stratum (LG type) to derive a representative sample that was later proportionally selected (Rahman, Tabash, Salamzadeh, Abduli, & Rahaman, 2022), a method that offers the advantage to each study case a chance of being selected. We used the proportionate sampling technique. This technique was applied due to the following reasons: it ensures that the research sample accurately reflects the population. By allocating sample sizes proportionally to each subgroup, one captures the diversity of the entire population; and, it reduces the selection bias which presents an opportunity to each subgroup an equal chance of being included in the sample. This minimises bias and ensures fair representation across different strata (Cheung, 2014). The formula below was applied:

$$\frac{N_1}{N_2} \times \text{Sample Size}$$

Where: N_1 = Total Number of population in each category
 N_2 = Total Number of selected LGs in Busoga sub-region
 Sample Size ($n=120$)

After determining samples for each stratum, we used simple random sampling which is derived from a population list of the financial managers aggregated from the 172 LGs (see Table 3.2). From each LG stratum, we drew a participating LG using a simple random sampling technique. All names of financial managers in each category were placed into different bowls, each marked according to the LG. Thereafter, simple random samples were used to draw samples from each category, one at a time without replacement. In this way, each LG by design had an equal chance for selection to take part in the study.

3.6 Unit of Analysis and Unit of Inquiry

This study aimed at examining financial management in LGs among financial managers such as Town Clerks (City Council and Town Clerks in Town Councils and Municipalities), CAOs, SAS, Chief Finance Officers, Principal Treasurers, Senior Town Treasurers, and Accountant Assistants. From each LG two officers (cases) were selected as the study respondents. Data

were aggregated at the LGs level (*unit of analysis*), but the *unit of inquiry*, remained as the selected two officers from each study LG.

3.7 Conceptualisation, Operationalisation and Measurement of the Variables

In research, conceptualisation is the process of establishing and creating precise, meaningful, and well-defined concepts or ideas. It entails converting vague concepts into precise constructs that can be studied, measured, and analysed. To ensure that their study variables are precisely defined and operationalised, researchers conceptualise to establish a strong foundation for their investigations. Operationalisation refers to the process of turning abstract concepts into measurable observations (Sekaran & Bougie, 2016). Table 3.2 below shows how these have been done.

Table 3.2: Conceptualisation, Operationalisation and Measurement of the Variables

Variable	Conceptualisation	Operationalisation	Sample Measures	No. of Items
Financial Management	Financial management is the process of organising, obtaining, managing, and overseeing the money utilised in the organisation. In order to successfully and efficiently accomplish its goals, it entails strategically organising, planning, directing, and regulating an organization's financial resources. Financial reporting, investment choices, cash flow management, forecasting, budgeting, and risk management are all included (Pandey, 1995).	Capital Budgeting	<i>In my organisation, we periodically make budget estimations</i>	6
		Work Management	Capital <i>In my organisation, there is a robust working capital system</i>	6
		Asset Management	<i>In my organisation, assets are kept in the best condition until disposal</i>	6
Management Control Systems	MCS refer to the formalised procedures and systems that use information to maintain or alter patterns in an organisational activity (Simons, 1987). This definition includes planning systems, reporting systems, and monitoring procedures that are based on information use.	(Otoo, 2024)		
		Input Control	<i>In this organisation, before deployment for work, an employee is exposed to substantial training before being assigned responsibilities</i>	7
		Behaviour Control	<i>In this organisation, weight in evaluations placed on behaviour</i>	9
		Output	<i>In this organisation, evaluations place weight on results</i>	9
Interpersonal Trust	This is a belief that another person or group may be trusted with their word, promise, or verbal communication (Rotter, 1967).	(Malmi & Brown, 2008)		
		Faith	<i>'When we encounter difficult and unfamiliar new circumstances I would not feel worried or threatened by letting my partner do what he/she wanted.'</i>	13
		Dependability	<i>'I can count on my partner to be concerned about my welfare.'</i>	7
		Predictability	<i>'In general, my partner does things in a variety of different ways. He/she almost never sticks to one way of doing things.'</i>	6

3.8 Instruments

A developed questionnaire covering the variables (*FS*, *MCS*, and *IT*) evaluated can be seen in *Appendix 1*. This scale has 4 Sections (A, B, C, and D).

Section A (*Respondent's Information*) is of objective choice. One selects what best explains him/her. **Section B** (*FS* made of the following *Capital Budgeting* = 6 items, *Working Capital Management* = 6 items, and *Asset Management* = 6 items making an item sum of **18**. **Section C** (*MCS* is composed of the following constructs: *Input Control* = 7 items, *Behaviour Control* = 9 items, *Output Control* = 9 items, with an item total of **25**. Lastly, **Section D** (*IT* is composed of the following: *Faith* = 13 items, *Dependability* = 7 items, and *Predictability* = 6 items constituting an item sum of **26** items. This questionnaire has an item total of **69**.

All the questions were fixed on a five-point Likert-like scale, ranging from 1-*Strongly Disagree*, 2-*Disagree*, 3-*Neutral*, 4-*Agree*, and 5-*Strongly Agree*.

3.9 Data Collection

Questionnaires were relied on as the main source of data (See, *Appendix 1*). The questionnaire was administered to the respondents by 4 Research Assistants. This study used questionnaires because they are cost-effective compared to other methods like face-to-face interviews or experiments, provide rapid data collection, and when they appear in a structured form, they ensure standardised data collection (Sreejesh, Mohapatra, & Anusree, 2014).

The Research Assistants were identified, talked to, consented to, and trained to participate in research through data collection. Additionally, the researcher received an introductory from the university (Directorate of Graduate Studies, Research and Innovation).

3.9.1 Data Entry

The gathered data were loaded into *SPSS ver. 27*. A popular tool for data analysis in social and behavioural research is *SPSS* (Field, 2009). Worksheets and a code book were created to perform

all the analyses (for the objectives – correlational analysis, and the hypotheses – the regression analysis) (Field, 2024).

3.9.2 Reliability and Validity Analysis

Reliability and validity are key data quality controls in quantitative research. While reliability refers to the consistency and stability of results, validity indicates how accurately a study measures what it intends to test (William, 2024). The face, content, concept, and criterion are the four categories of validity. 5 independent raters with experience in research instrumentation in management sciences were contacted to assess the questionnaire at the face validity level. These were asked to evaluate each item with a tag of "Yes" if the item makes sense, and "No" if it does not as a standard approach (Meléndez, León, Way, Oré, & Montesinos-Tubée, 2022). According to Masuwai, Zulkifli, and Hamzah, (2024), content validity requires evaluating a new tool to make sure that all of the question items included are important and relevant. The researcher used the Content Validity Index. In this study, the services of 3 accomplished researchers in the field of management sciences with wide contributions evidenced by article publications in reputable journals existing in Busitema University, who assessed the item content of the questionnaire as valid, using the CVI formula:

$$CVI = (Number\ of\ Experts\ Agreeing) / (Total\ Number\ of\ Experts)$$

This CVI was calculated with the cut-off consideration of .70 (Dehghani, 2024). Table 3.3 below indicates that all the values of CVI were above this threshold demonstrating an acceptable validity.

The internal consistency of the entire tool was evaluated using Cronbach's alpha value, with a focus on the .70 cut-off (Dubey & Kothari, 2022; Nunnally & Bernstein, 1994). The findings show in Table 3.3 below that the questionnaire was reliable for further analysis as seen in Chapter Four.

Table 3.3: Reliability Results (Cronbach's Alpha Coefficient)

Variables	No. of Items	α	CVI
Financial Management (1)	18	.78	.72
Management Control Systems (2)	25	.82	.77
Interpersonal Trust (3)	26	.84	.82

Source: Field Data, 2024

3.10 Ethical Considerations

Ethical considerations in research are essential principles that guide the design and conduct of studies. These principles ensure the integrity of scientific inquiry (Bhandari, 2024). The following observations were followed: *Voluntary Participation* (the respondents voluntarily chose to take part in this study without coercion or pressure; *Informed Consent* (after being fully informed about the research objectives, methods, risks, and advantages, the respondents were able to voluntarily sign their consent forms after being made aware of their rights and the implications of the research; *Anonymity* (the respondents' identities were masked with the use of codes or pseudonyms to ensure that the data they supplied could not be traced back to specific individuals; *Confidentiality* (the study strived to safeguard participants' personal information – the researcher did not in any way disclose identified details without any respondent's consent; *Potential For Harm* (respondents were protected from either permanent or excessive harm, whether intentional or inadvertent), and lastly, *Results Communication* (the researcher endeavoured to share findings transparently and accurately, and also, strive to uphold scientific integrity and contribute to knowledge (Adeniyi, Arowoogun, Okolo, Chidi, & Babawarun, 2024).

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION OF FINDINGS

4.1 Introduction

This chapter provides a detailed overview of the study findings and interprets them. The data were analysed with the aid of *SPSS ver. 27* for the descriptive, correlation and regression analyses; and *MedGraph ver. 3*, for the mediation analysis. For ease of reference, the study collected data to test the following specific objectives and hypotheses respectively:

4.1.1 Specific Objectives

- i. To examine the relationship between the management control system and financial management LGs in the Busoga sub-region, Uganda
- ii. To examine the relationship between interpersonal trust and financial management LGs in the Busoga sub-region, Uganda
- iii. To examine the relationship between the management control system and interpersonal trust LGs in the Busoga sub-region, Uganda
- iv. To examine the mediating role of trust in the relationship between the management control system and financial management LGs in the Busoga sub-region, Uganda

4.1.2 Study Hypothesis

H₁: Management control systems and financial management are positively and significantly associated

H₂: Interpersonal trust is positively and significantly related to financial management

H₃: The management control systems are positively and significantly associated with trust

H₄: Interpersonal Trust mediates the relationship between the management control systems and financial management

4.2 Response Rate

We distributed a total of 240 questionnaires, but were able to retrieve 187 questionnaires representing a response rate of 77.9 percent. Such a high response rate is attributed to 1) the researcher engaged fellow workers of LGs in a sub-region that employs him. So it was easy to

get along with fellow workers, moreover, those who profess the same profession as him; 2) the time and personal contact the researcher used to deliver and collect the questionnaires.

The unit of inquiry included: the Accounting Officers of respective LGs and Officers in charge of Finances. These were deemed to have the required knowledge regarding matters of financial management in LGs. The unit of analysis for this study were the LGs.

4.3 Demographic Characteristics

Table 4.1: Demographic Characteristics

Variable	Frequency	Percentage
Local Government		
District Local Government	16	6.7
City	2	.83
Municipalities	4	1.7
Divisions	10	4.2
Town Councils	66	27.5
Sub-Counties	142	59.2
Total	240	100
Sex		
Male	104	55.6
Female	83	44.4
Total	187	100
Highest Educational Level		
Certificate	3	1.6
Diploma	54	28.9
Bachelor's Degree	101	54.0
Master's Degree	21	11.2
Total	187	100
Age		
20-29	27	14.4
30-39	78	41.7
40-49	53	28.3
50-59	29	15.5
Total	187	100
Tenure		
Less than 9	61	32.6
10-19	80	42.8
20-29	32	17.1
30-39	14	7.5
Total	187	100

Source: Field Data, 2024

4.3.1 Local Government Type

As seen in Table 4.1 above, the most of the respondents were drawn from the Sub-County LGs (142, 59.2percent), followed by Town Councils (66, 27.5percent). Division - LGs had 10 respondents (4.2percent), then District LGs (16, 6.7percent). Municipalities and the City of Jinja had (4, 1.7percent; 2, 0.83percent respectively).

4.3.2 Sex

The most of the respondents in this study were males (104, 55.6percent), followed by females (83, 44.4percent) as seen in Table 4.1 above.

4.3.3 Educational Level

Table 4.1 above shows that the respondents' educational status ranged from a minimum level (Certificate) to the maximum level which is the achievement of a first degree or above. Most of the respondents (101, 54percent) had completed their first degree. This was followed by 54respondents (28.9percent) who had diplomas. Next came the holders of second-level degrees (21, 11.2 percent), and lastly, 3 (1.6percent), had attained a certificate educational level.

4.3.4 Age

According to Table 4.1 above, most of the respondents were between 30-39 years (78, 41.7percent). This age group was followed by those who were under 40-49, 53 persons (28.3 percent), 29respondents fell under 50-59 (15.5percent), and lastly, 27 persons 20-29 constituting 14.4percent.

4.3.5 Tenure

In terms of tenure, Table 4.1 above shows that 80 respondents (42.8percent) had been under LG employment for between 10-19 years. This cohort was followed by employees who had served their respective LGs for less than 9 years, and these were 61 (32.6percent), then, 32 workers with a service span of 20-29 years (17.1percent), and lastly, 14 workers who had worked in the LGs of the Busoga sub-region for the period of between 30-39 years (7.5percent).

4.4 Correlation Results for Testing the Specific Objectives

Correlation is the measure of the “*strength*” or the “*extent*” and the direction of a relationship between the variables with values ranging from -1 to +1. A correlation coefficient of +1 indicates a perfect, positive (linear) relationship between the two variables under study; similarly, a correlation coefficient of -1 indicates a perfect, negative (linear) relationship between the two variables; and a correlation coefficient of zero indicates no linear relationship at all (Gogtay & Thatte, 2017). The key types of correlation coefficient analysis in statistics are Spearman’s Correlation Co-efficient rho (ρ), and Pearson’s Correlation Coefficient (r). The (ρ) is a non-parametric test based on the ranks given to the observations and not on their actual values and is used when the assumptions of (r) are not met. It is a robust coefficient that can also be used when one of the variables is ordinal. This study relied on Pearson’s Correlation Coefficient (r) because it establishes an association between the two variables based on three assumptions; (a) the relationship is linear; (b) variables are independent of each other; (c) variables are normally distributed (Dudáš, 2024). Table 4.2 shows the Pearson’s correlation coefficient.

Table 4.2: Bivariate Correlation Matrix

	Mean	SD	1	2	3
Financial Management (1)	3.9297	.09838	1		
Management Control Systems (2)	3.7227	.18020	.433**	1	
Interpersonal Trust (3)	3.4732	.30158	.195*	.724**	1

** . Correlation = 0.01 level (1-tailed); * . Correlation = 0.05 level (1-tailed); N=187

4.4.1 Relationship between Management Control Systems and Financial Management

The study examined the link between management control systems and financial management. The results in Table 4.2 above show that there is a positive and significant relationship between management control systems and financial management ($r = .433, p < 0.01$). The findings therefore show that an enhancement in management control systems will lead to a positive significant change in financial management. This confirms specific objective 1 which examines the link between management control systems and financial management LGs in the Busoga sub-region, Uganda.

4.4.2 Relationship between Interpersonal Trust and Financial Management

The study examined the relationship between interpersonal trust and financial management. The results in Table 4.2 above show that there is a positive and significant relationship between

interpersonal trust and financial management ($r = .195, p < 0.05$). The findings show that an enhancement in interpersonal trust will lead to a positive significant change in financial management. This confirms specific objective 2 which examines the relationship between interpersonal trust and financial management LGs in the Busoga sub-region, Uganda.

4.4.3 Relationship between Management Control Systems and Interpersonal Trust

The study examined The link between management control systems and interpersonal trust The results in Table 4.2 above show that there is a positive and significant relationship between management control systems and interpersonal trust ($r = .724, p < 0.01$). The findings show that an enhancement in management control systems will lead to a positive significant change in interpersonal trust. This confirms specific objective 3 which examines the link between management control systems and interpersonal trust in LGs found in the Busoga sub-region, Uganda.

4.5 Regression Findings for Testing the Direct Paths

This study further examined whether (1) management control systems and financial management were positively and significantly associated; (2) interpersonal trust was positively and significantly linked to financial management, and (3) the management control systems were positively and significantly associated with interpersonal trust. To estimate these relationships, this study employed regression techniques.

Regression techniques consist of the detection of a mathematical relationship between measurements of two variables, y (DV) and x (IVs), such that the value of variable y (the outcome) can be predicted from a measurement of the other variable, x (the predictor) (Morris, 2021). This study applied the regression analysis due to the benefits associated with it like (1), the ability to calculate if one predictor variable or a set of independent variables has/have a significant relationship(s) with an outcome variable (2), the capacity to estimate the relative strength of different predictor variables' effects on an outcome variable (3), the ability to make predictions (Sarstedt & Mooi, 2019). This study applied the linear regression technique using the hierarchical multiple regression method. A type of multiple regression known as "hierarchical multiple regression" involves entering the variables into the regression using a

specified logical scheme, or theory(Lu, 2019). The aim of using this technique arose from the need to understand the individual importance of each variable to their respective variance of the dependent variable in the analysis (Lu, 2019).

In this analysis, a three-step hierarchical regression analysis was performed. Age (years), sex, highest educational level, and tenure in years as social demographic factors (co-variates) were entered first, then age in years, sex, educational level, tenure in years, *management control systems*, and finally, age (years), sex, educational level, tenure in years, management control systems, and *interpersonal trust*, generating three regression models.

Using a hierarchical regression model to predict the link between management control systems and financial management, in the regression model, we entered the sociodemographic factors (age, sex, highest educational level, and tenure in years) first according to their importance in the literature (**Model 1**). These explained financial management by approximately -.009 per cent and did not contribute significantly to the regression model (Adj. $R^2 = -.009$, F-Change = .969, $p = .427$). This means that the sociodemographic variables do not significantly affect financial management. The results of the hierarchical regression analysis are presented in Table 4.3 below.

Table 4.3: Hierarchical Regression Table

Models	Variables	B	SE	β	F Δ	p
Model 1 $R^2 = .030$ Adj. $R^2 = -.009$	• Age in years	3.903	.048	--	.969	.427
	• Sex					
	• Educational level					
	• Tenure in years					
Model 2 $R^2 = .309$ Adj. $R^2 = .299$	• Age in years	.234	.044	.429	6.675	.000
	• Sex					
	• Educational level					
	• Tenure in years					
Model 3 $R^2 = .693$ Adj. $R^2 = .659$	• <i>Management Control Systems</i>	-.457	.055	1.402	20.273	.000
	• Age in years					
	• Sex					
	• Educational level					
	• Tenure in years					
• Management Control Systems						
• <i>Interpersonal Trust</i>						
Dependent Variable: Financial Management						
Models	Variables	B	SE	β	F Δ	p
Model 4 $R^2 = .882$	• Age in years	1.646	.10609	.984	.876088	.000
	• Sex					
	• Educational level					

Dependent Variable: Interpersonal Trust

4.5.1 Management Control Systems and Financial Management

In **Model 2**, we added the management control systems to the sociodemographic variables and the predictive power of the variables for financial management increased significantly (Adj. R² = .299, F-Change = 6.675, $p = .000$). This means that the management control systems are positive and significantly affect financial management by 19.9per cent. Based on this finding, we accept the hypothesis that states, '*Management control systems are positively and significantly associated with financial management*'.

4.5.2 Interpersonal Trust and Financial Management

When the interpersonal trust variable was added to **Model 3**, its overall contribution increased and contributed significantly to the final model (Adj. R² = .659, F-Change = 20.273, $p = .000$). This means that interpersonal trust positively and significantly affects financial management by 65.9 per cent. Based on this finding, we accept the hypothesis that states, '*Interpersonal trust is positively and significantly associated with financial management*'.

4.5.3 Management Control Systems and Interpersonal Trust

When the interpersonal trust variable was added to **Model 4**, its overall contribution increased and contributed significantly to the final model (Adj. R² = .876, F-Change = .876088, $p = .000$). This means that management control systems positively and significantly affectinterpersonal trust by 87.6per cent. Based on this finding, we accept the hypothesis that states, '*Management control systems arepositively and significantly associated with interpersonal trust*'.

4.6 Mediation Findings on the Testing of the Indirect Path

In the mediation model, we tested the mediating role of interpersonal trust in the link between management control systems and financial management. This was accomplished by doing a route analysis of mediation on the recommendations provided by Baron and Kenny (1986), as shown below:

1. there must be a direct and significant relationship between the independent variable (in this case, *MCS*) and the dependent variable (*FM*);
2. there must be variations in the independent variable (*MCS*) that significantly account for variance in the presumed mediator (*IT*);
3. there must be variations in the mediator (*IT*) that significantly account for variance in the dependent variable (*FM*);
4. when both the mediator (*IT*) and the predictor (*MCS*) are integrated in the same regression as possible predictors of the outcome (*FM*), the latter either becomes less significant or no longer significant at all.

Mediation detection was made possible with the multiple regression analysis and the *Medgraphver.3*, an *Excel*-powered application. The multiple regression standardised β weights were used to summarise the direct effect of *management control systems* and the indirect effects of the mediator, *interpersonal trust*, on *financial management*. *Medgraph* also performs Sobel's *z-test*. To ascertain if the addition of the mediator in the model results in a decrease in the influence of the predictor variable and whether its inclusion is statistically significant, the Sobel test (a specialised *t-test* was applied in the analysis). A significant Sobel *t-test* leads to an inference of the presence of a mediation effect (Sobel, 1982). It does this through the calculation of the *significant effect* with the examination of the indirect effect including the calculation of the *ratio index*. This test determined the significance of the reduction in the effect of the predictor variable (management control systems) on the dependent variable (financial management) when interpersonal trust was included in the regression equation.

Using Jose's *Medgraph* application to calculate Sobel's *z*-value and the ratio index allowed for additional testing of the importance of the mediation effect and the detection of the type or nature of mediation. A Sobel *z*-value of 7.7 and a *p*-value of 0.00001 were found as indicated in Figure 2. These findings suggest that there is a significant mediation of interpersonal trust in The link between management control systems and financial management because the Sobel *z*-value is high and the *p*-value is less than 0.05 (Sobel, 1982).

Guided by Baron and Kenny's approach, it was found that 1) management control systems were positively related to financial management (β coefficient = 0.574; $p < 0.001$); 2) management

control systems and interpersonal trust were significantly related (β coefficient = 0.603; $p < 0.001$); 3) interpersonal trust significantly affected financial management (β coefficient=0.630; $p < 0.001$), and 4) the model findings further indicated that a Sobel z -value of 7.7 with p -value of 0.00001 was obtained (see Figure 2). These indicate that because the Sobel z -value is large with a p -value less than 0.05, means that a significant mediation of interpersonal trust in the link between management control systems and financial management exists.

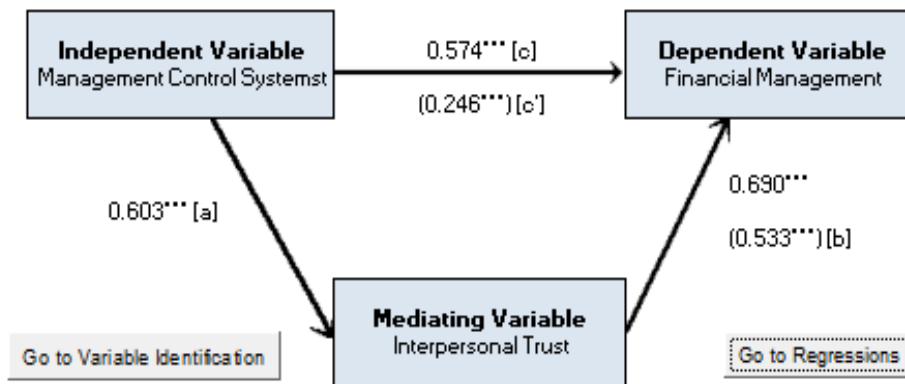
Based on the results of the *Medgraph* (see Figure 2), the indirect effect of management control systems on financial management is 0.283 and the direct effect is 0.038. The total effect coefficient is 0.321. While 11.8per cent (0.038/0.321) was the direct effect of management control systems towards financial management, 88.2per cent [(0.283/0.321) * 100%] of the effect of management control systems on financial management was mediated through interpersonal trust. Therefore, 88.2 per cent was the direct effect of management control systems on financial management while controlling for interpersonal trust.

There are various types of mediation: full, partial and absent (Nitzl, Roldan, & Cepeda, 2016). Full mediation is reported where the direct effect in the mediation model is not statistically significant. However, when the effect that is not direct ($a * b$) is $\leq .05$, it implies that there is a mediation effect, that is, the effect of the independent variable on the dependent variable is completely transmitted with the help of another variable (the mediator), denoting that the dependent variable (FM) completely absorbs the positive or negative effect of the predictor variable (MCS). In this manner, it can either totally negate an effect or prevent it from having an impact on another effect (Nitzl, Roldan, & Cepeda, 2016).

For the case of the detection and inference of the presence of partial mediation, all the paths (direct 'c' and indirect $a * b$) must be significant (Nitzl, Roldan, & Cepeda, 2016). In this study, the effect of management control systems on financial management reduced from 0.321 to 0.038 on the inclusion of interpersonal trust, but remained significant indicating a type of mediation known as *partial mediation* (Figure 2). So, H_4 , which states that interpersonal trust mediates the link between management control systems and financial management, is supported.

Figure 2: Mediation Results

Type of mediation	Significant
Sobel z-value	7.72463 $p = <0.000001$
95% Symmetrical Confidence interval	
Lower	
Higher	
Unstandardized indirect effect	
a*b	
se	
Effective Size measures	
<u>Standardised Coefficients</u>	<u>R² Measures (Variance)</u>
Total:	0.321
Direct:	0.038
Indirect:	0.283
Indirect to Total ratio	0.880



Note: The numerical values in parentheses are beta weights taken from the second regression

4.7 Summary of the Tested Hypothesis

Table 4.4 provides an overview of the tested hypotheses that indicated acceptance of 3 hypotheses and confirmation of a mediation path (partial mediation).

Table 4.5: Summary of the Tested Hypothesis

	Hypothesis	Decision
H₁:	Management control systems and financial management are positively and significantly associated	<i>Accepted</i>
H₂:	Interpersonal trust is positively and significantly related to financial management	<i>Accepted</i>
H₃:	Management control systems are positively and significantly associated with Interpersonal trust	<i>Accepted</i>
H₄:	Interpersonal trust mediates the relationship between the management control system and financial management	<i>Partial Mediation</i>

CHAPTER FIVE

DISCUSSION OF FINDINGS, CONCLUSIONS, RECOMMENDATIONS, LIMITATIONS AND AREAS OF FURTHER STUDY

5.1 Introduction

This is the last chapter and its purpose is to present the discussion of findings, draw conclusions arising from the study findings, generate recommendations, point out the study's limitations and lastly, suggest areas of further research. Based on this, the chapter is presented as follows:

5.2 Discussion of Findings

5.2.1 Management Control Systems and Financial Management

The study aimed at establishing the link between management control systems and financial management. The findings showed a positive and significant relationship between management control systems and financial management. This supported H₁. The study's outcomes align well with earlier findings by Munkasu & Nsama (2024) who established that management control systems are crucial inputs towards the success of organisations, especially LGs as pegged on financial management. These findings argue that having controls such as induction of the Accountants and Auditors before deployment, commitment to training and development of these staff, setting of periodic goals and assessment of their actualisation, are vital towards the realisation of robust financial management in organisations such as the LGs.

The findings suggest that management control systems at the levels of input (induction), behaviour (periodic staff evaluations), and output (performance-based reward systems in organisations), help bodies such as LGs to realise a functional financial management system, key to ultimate realisation of outcomes such as public service delivery.

5.2.2 Interpersonal Trust and Financial Management

The study also aimed at establishing the relationship between interpersonal trust and financial management. The findings showed that there exist a positive and significant relationship between interpersonal trust and financial management. This supported H₂. The study findings align well with the previous findings of Francis (2023), Yurmaini, Elwardi, and Khairil (2021)

who found that interpersonal trust is significant factor for the well-functioning of financial management of any organisation, including LGs in Uganda. These findings indicate that when workers have faith guided by beliefs such as possession of a calling in the accounting profession, or conviction that has a vocation/career in the accounting profession, possession of a conviction that fellow departmental workers can be depended on, in all facets of work operations, among others, are considered to be potent triggers of efficient and effective financial management at the organisational level.

The findings suggest that interpersonal trust (with psychological resources such as contentment with the work environment and work colleagues), enables corporate bodies such as LGs to realise a functional financial management system important in stimulating organisational financial management practices.

5.2.3 Management Control Systems and Interpersonal Trust

The study also established that a basic relationship between management control systems and financial management exists as objectified and hypothesised in H₃. The study findings agree with earlier empirical works of scholars such as Josep and Prabhu (2017), and Arimie and Oronsaye (2020) who found that management control systems correlate well with interpersonal trust. One of the explanations towards this is that for interpersonal trust to be realised well in organisational workers, there is a need for management control systems such as pre-employment evaluations (background checks) to be conducted, organisational attachment to regulations and procedures - for instance, abiding to Uganda's Public Service Standing Orders, the LG's *Client Charter* that explains the relationship between LG staff and public, adherence to the Accounting Professional Code of Conduct among others, and reward-based performance evaluations to mention but a few, supervisor-supervisee coaching and mentorship schemes in LGs, play a significant contribution towards the germination and sustenance of the interpersonal trust among the organisational staff.

5.2.4 Mediating role of Interpersonal Trust in the link between management control systems and Financial Management

This study also sought to validate whether interpersonal trust strengthens the link between management control systems and financial management. The results show that interpersonal

trust partially mediates the link between management control systems and financial management. The mediation analysis revealed a significant indirect effect of management control systems on financial management through interpersonal trust, accounting for a huge contribution to the total effect. This finding supports stewardship theory, suggesting that interpersonal trust is crucial in explaining the link between management control systems and financial management. The results imply that management control systems influence financial management directly and indirectly through interpersonal trust. This highlights the complexity of their relationship and underscores the importance of considering multiple pathways in understanding the underlying mechanisms that influence financial management in corporate bodies such as LGs. The mediation effect is consistent with previous research such as Huang, Qiu, Yang, and Deng (2021); and Wei, Xu, and Wu, (2020), who found that interpersonal trust is a key factor in the management control systems-financial management relationship. However, this study extends existing knowledge by demonstrating the significance of interpersonal trust as a partial mediator, rather than simply a correlate of financial management. This means that for the financial management of bodies such as LGs to be realised the worker-worker trust, and adherence to organisational policies that are regularly developed by the Central Government, including LGs such as ordinances like the Local Revenue Ordinance targeting the sugar cane lorries/trucks for Luuka DLG. The partial mediation effect has important implications for the accounting field and practice. Specifically, it suggests that interventions targeting interpersonal trust may be effective in reducing the impact of management control systems on financial management.

5.3 Conclusions

Given the above, the study makes the following key conclusions relevant to organisational studies targeting LGs. These are:

the management control systems (input control, behavioural control and output control) are significant predictors of financial management in LGs of Uganda;

it can also be concluded that for better financial management to take place in organisations such as LGs, it is important for these bodies to heavily invest in systems that promote the growth of interpersonal trust in workers. This is because interpersonal trust is an important predictor of financial management in corporate bodies inclusive of entities such as LGs;

thirdly, it is safer to conclude that the management control systems in organisations are important regulators with an efficacy that promotes financial management in organisations that include LGs;

lastly, the pathways that give to financial management in organisation such as LGs, both (direct and indirect) still require attention in practice, on account of the presence of a partial mediation effect.

5.4 Recommendations

On account of the findings, as shown in the previous chapter, the following recommendations in light of the study outcome variable (financial management) can be derived:

The LG leadership should endeavour to reinforce the existing management control systems because they are strong pillars that contribute to the stability and success of financial management in these organs of the State, and also, a cardinal towards the promotion of interpersonal trust among the workers. MCSs such as employment background checks, continuous professional development, and the rewarding and sanction systems among others.

The management (CAOs, Town Clerks, among others) in the study LGs should ensure that the workers' trust in each other is promoted since it builds group cohesion and later, galvanisesteamwork that if it is well harnessed, heightens the existing quality of institutional financial management.

The management in the LG should apply a hybrid approach that includes MCSs such as employment background checks, continuous professional development, and rewarding and sanction systems, including fostering of worker-worker trust.

5.5 Study Limitations and Areas for Further Research

Based on the nature of these data that were solicited from a single source (Accounting Officers), it is difficult to resolve the challenge of common method bias. This is a key limitation that

makes it hard to determine the causal-effect relationship with precision. Nevertheless, future studies could consider applying multiple source data approach like supervisor-subordinate research stream(for instance, the relationship between the Chief Finance Officer, the Head of Department at the District LG level, with his/her follower – the Principal Finance Officer) that are relevant in getting independent ratings on management control systems, interpersonal trust, and financial management.

Secondly, this study relied on a sample drawn from LGs alone moreover, concentrating on the Accounting Officers. These findings may not generalise to other organisations such as telecommunications and on local populations therein. Therefore, we encourage future research to replicate our findings with employees in other sectors like education or manufacturing.

Finally, our research exclusively applied a quantitative approach to explaining the presence of financial management in LGs. Whereas this approach contributes to knowledge progress, a hybrid approach that is triangulatory (one that considers a qualitative approach), leads to a deeper appreciation and insights of the study phenomenon. Future research could consider having a mixed methods approach that combines both the quantitative and qualitative approaches in understanding the nature, and occurrence of financial management in government bodies like the LGs.

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APPENDICES

APPENDIX I: Questionnaire

Dear Respondent,

You have been chosen to participate in this study that seeks to examine the relationship between management control systems, interpersonal trust and financial management in Local Governments within Busoga sub-region in Eastern Uganda. Data collected from this survey is purely for academic purposes and will be treated with utmost confidentiality.

Thank you.

KAKUNGULU, David Kigenyi

MBA Student

Type of Local Government

1. District Local Government
2. City
3. Municipality
4. Division
5. Town Council
6. Sub-County

SECTION A: RESPONDENTS' INFORMATION

Please tick the most applicable to you (√)

	VARIABLE	(√)	For official use
1.	Sex		
	Male		1
	Female		2
2.	Educational Level		
	Certificate		1
	Diploma		2
	Bachelor's Degree		3
	Master's Degree		4
	PhD		5
3.	Age (Years)		
	20 - 29		1
	30 - 39		2
	40 - 49		3
	50 - 59		4

	More than 60		5
4. Tenure (Years)			
	Less than 9		1
	10 - 19		2
	20 - 29		3
	30 - 39		4

SECTION B: FINANCIAL MANAGEMENT

Please indicate the extent to which you agree with the following statements that relate to FINANCIAL MANAGEMENT

1 = SD	2 = D	3 = N	4 = A	5 = SA
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

CODE	In dealing with CAPITAL BUDGETING	SD	D	N	A	SA
1. CBG1	In my local government, we periodically make budget estimates	1	2	3	4	5
2. CBG2	In my local government, all financial transactions are tagged on the budget	1	2	3	4	5
3. CBG3	In my local government, we regularly create financial statements	1	2	3	4	5
4. CBG4	In my local government, we usually perform activity based budgeting	1	2	3	4	5
5. CBG5	In my local government, we usually perform periodic financial analysis	1	2	3	4	5
6. CBG6	my local government, we usually prepare the budget with due regard to government policy	1	2	3	4	5
In dealing with WORKING CAPITAL MANAGEMENT						
1. WCM1	In my local government, we have a robust working capital system	1	2	3	4	5
2. WCM2	In my local government, the preparation of cash flow forecast for identifying future surplus and deficits is a usual practice	1	2	3	4	5
3. WCM3	In my local government, maintenance of proper records of all payables is a usual business	1	2	3	4	5
4. WCM4	In my local government, we have a full automated receivable management system	1	2	3	4	5
5. WCM5	In my local government, we always have sufficient cash flow to meet daily needs	1	2	3	4	5
6. WCM6	In my local government, adequate records and information are produced, maintained and disseminated to meet decision-making control, management and reporting purposes.	1	2	3	4	5
In dealing with ASSET MANAGEMENT						
1. ASM1	In my local government, all assets are kept in the best condition until disposal	1	2	3	4	5
2. ASM2	In my local government, we have a well laid down procedure for disposing assets	1	2	3	4	5
3. ASM3	In my local government, we have provision for depreciation of assets	1	2	3	4	5
4. ASM4	In my local government, we maintain an up-to-date asset register	1	2	3	4	5

5.	ASM5	In my local government, assets are laminated or engrave and given unique identification numbers	1	2	3	4	5
6.	ASM6	In my local government plans and budgets reflect maintenance expenditures recorded in maintenance plans	1	2	3	4	5

SECTION C: MANAGEMENT CONTROL SYSTEM

Please indicate the extent to which you agree with the following statements that relate to MANAGEMENT CONTROL SYSTEM

1 = SD	2 = D	3 = N	4 = A	5 = SA
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

	CODE	In dealing with INPUT CONTROL	SD	D	N	A	SA
1.	INC1	In my local government, before deployment for work, an employee is inducted before assigned responsibilities	1	2	3	4	5
2.	INC2	In this local government, we adhere to best staffing procedures	1	2	3	4	5
3.	INC3	In this local government, all workers are involved in skill development activities	1	2	3	4	5
4.	INC4	In this local government, before recruitment of a worker, series of evaluations are conducted	1	2	3	4	5
5.	INC5	In this local government, workers are given a wide range of opportunities to broaden their talents	1	2	3	4	5
6.	INC6	In this local government, we pride in employing the best people on the market	1	2	3	4	5
7.	INC7	In this local government, there is commitment to training and development	1	2	3	4	5
		In dealing with BEHAVIOUR CONTROL					
1.	BEC1	In this local government, weight in evaluations placed on behaviour	1	2	3	4	5
2.	BEC2	In this local government, all employees are accountable for actions, regardless of result	1	2	3	4	5
3.	BEC3	In this local government, there is less concern with procedures and methods	1	2	3	4	5
4.	BEC4	In this local government, there are always consultations relevant for setting operational standards	1	2	3	4	5
5.	BEC5	In this local government, performance targets are imposed top-down	1	2	3	4	5
6.	BEC6	In this local government, there are frequent meetings to discuss performance targets	1	2	3	4	5
7.	BEC7	In this local government, subordinates are responsible for goal-setting	1	2	3	4	5
8.	BEC8	In this local government, performance feedback is frequently shared	1	2	3	4	5
9.	BEC9	In this local government, performance feedback to the employees takes a long period for one to access it	1	2	3	4	5
		In dealing with OUTPUT CONTROL					
1.	OTC1	In this local government, employee appraisals are tagged on individual work results	1	2	3	4	5
2.	OTC2	In this local government, performance targets must be accomplished	1	2	3	4	5
3.	OTC3	In this local government, employees are remunerated on	1	2	3	4	5

		performance-based rewards framework					
4.	OTC4	In this local government, there are pre-established targets for evaluations	1	2	3	4	5
5.	OTC5	In this local government, financial records are maintained as indices of effectiveness	1	2	3	4	5
6.	OTC6	In this local government, performance is judged by results	1	2	3	4	5
7.	OTC7	In this local government, rewards are linked to concrete results	1	2	3	4	5
8.	OTC8	In this local government, it is not easy to realise the set targets	1	2	3	4	5
9.	OTC9	If one does not attain the intended objectives, this local government receives low rating	1	2	3	4	5

SECTION D: INTERPERSONAL TRUST

Please indicate the extent to which you agree with the following statements that relate to INTERPERSONAL TRUST

1 = SD	2 = D	3 = N	4 = A	5 = SA
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

		In dealing with FAITH	S D	D	N	A	S A
1.	IPF1	When I encounter difficult and unfamiliar situations, I do not feel worried or threatened to engage a co-worker	1	2	3	4	5
2.	IPF2	In general, my coworker(s) perform(s) assigned tasks differently away from the standard practices	1	2	3	4	5
3.	IPF3	I am familiar with the established patterns of the behavior my coworker(s) and I can rely on him/her or them to behave in certain ways	1	2	3	4	5
4.	IPF4	Even when I don't know how my coworker(s) will react, I feel comfortable telling him/her or them anything about myself; even those things of which I am ashamed of	1	2	3	4	5
5.	IPF5	Though times may change and the future is uncertain; I know my coworker(s) will always be ready and willing to offer me strength and support	1	2	3	4	5
6.	IPF6	In my professional relationship with my coworker(s) at my workplace, the future is not known and this worries me	1	2	3	4	5
7.	IPF7	Whenever we have to make an important decision in a situation we have never encountered before, I know my coworker(s) will be concerned about my welfare	1	2	3	4	5
8.	IPF8	Even if I have no reason to expect my coworker(s) to share things with me, I still feel certain that he/she or them will	1	2	3	4	5
9.	IPF9	I can rely on my coworker to react positively when I expose my weaknesses to him/her	1	2	3	4	5
10.	IPF10	When I share my problems with my coworker, I know he/she will respond lovingly even before I say anything	1	2	3	4	5
11.	IPF11	I sometimes avoid my coworker because he/she is unpredictable and I fear saying or doing something which might create conflict	1	2	3	4	5
12.	IPF12	I would never guarantee that my coworker and I will still be together and not have decided to end our friendship 10 years from now	1	2	3	4	5
13.	IPF13	When I am with my coworker I feel secure in facing unknown new situations	1	2	3	4	5

		In dealing with DEPENDABILITY					
1.	DPT1	I can count on my coworker to be concerned about my welfare	1	2	3	4	5
2.	DPT2	My coworker has proven to be trustworthy and I am willing to let him/her engage in activities which other colleagues find too threatening	1	2	3	4	5
3.	DPT3	I feel very uncomfortable when my coworker has to make decisions which will affect me personally	1	2	3	4	5
4.	DPT4	I have found that my coworker is unusually dependable, especially when it comes to things which are important to me	1	2	3	4	5
5.	DPT5	I can rely on my coworker to keep the promises he/she makes to me	1	2	3	4	5
6.	DPT6	Even when my coworker makes excuses which sound rather unlikely, I am confident that he/she is telling the truth	1	2	3	4	5
7.	DPT7	I am willing to let my coworkers make decisions for me	1	2	3	4	5
		In dealing with PREDICTABILITY					
1.	PRT1	I am never certain that my coworker will not do something that I dislike or will embarrass me	1	2	3	4	5
2.	PRT2	My coworker is very unpredictable. I never know how he/she is going to act from one day to the next	1	2	3	4	5
3.	PRT3	My coworker behaves in a very consistent manner	1	2	3	4	5
4.	PRT4	I usually know how my coworker is going to act. He/she can be counted on	1	2	3	4	5
5.	PRT5	My coworker express their true feelings about important issues.	1	2	3	4	5
6.	PRT6	My coworker usually give honest explanation for decisions.	1	2	3	4	5

**THANK YOU FOR THE THOUGHT, TIME, AND EFFORT YOU HAVE PUT INTO
COMPLETING THIS QUESTIONNAIRE**

Appendix II: Local Governments in Busoga Sub-Region

Districts	Town Councils	Sub Counties	Municipalities	Divisions	Total	
Luuka	<i>Bulanga</i>	Bukanga				
	<i>Busalamu</i>	Waibuga				
	<i>Luuka</i>	Bulongo				
	<i>Kyanvuma</i>	Ikumbya				
	<i>Bukoova</i>	Irongo				
			Bukooma			
			Nawampiti			13
Namutumba	<i>Namutumba</i>	Magada				
	<i>Bugobi</i>	Kagulu				
	<i>Nsinze</i>	Kiwani				
	<i>Kibaale</i>	Namutumba				
	<i>Ivukula</i>	Kizuba				
	<i>Nangonde</i>	Mazuba				
			Bugobi			
			Bulange			
			Nawaikona			
			Nsinze			
			Kibaale			
			Nabweyo			
			Ivukula			
		Nangonde			21	
Iganga	<i>Namungalwe</i>	Nakigo	Iganga MC	IMC Nothern Div		
		Bulamagi		IMC Southern Div		
		Nakalama				
		Nawaningi				
		Nawandala				
		Nambale				
		Nabitende				
		Kidaago				13
Bugweri	<i>Busembatya</i>	Namalemba				
	<i>Idudi</i>	Buyanga				
	<i>Bugweri</i>	Igombe				
		Makuutu				
		Ibulanku			9	
Buyende	<i>Kidera</i>	Nkondo				
	<i>Buyende</i>	Kidera				
	<i>Irundu</i>	Buyende				
	<i>Bukungu</i>	Bugaya				

		Kagulu			
		Buyanja			
		Irundu			
		Ngando			
		Gumpi			
		Ndoolwa			15
Mayuge	<i>Magamaga</i>	Baitambogwe			
	<i>Mayuge</i>	Wailasa			
	<i>Bugade</i>	Imanyiro			
	<i>Bwonda</i>	Bukatuube			
		Kityerera			
		Malongo			
		Bukaboli			
		Kigandalo			
		Mpungwe			
		Buwaaya			
		Busakira			
		Jaguzi			17
Jinja City				JC Nothern Div	
				JC Southern Div	3
Jinja District	<i>Buyengo</i>	Butagaya			
	<i>Buwenge</i>	Buwenge Rural			
	<i>Kakira</i>	Busede			
	<i>Namagera</i>				8
Bugiri	<i>Naankoma</i>	Kapyanga	Bugiri MC	BMC Eastern Div	
	<i>Muterere</i>	Buluguyi		BMC Western Div	
	<i>Nabukalu</i>	Nabukalu			
	<i>Muwayo</i>	Iwemba			
	<i>Buwuni</i>	Bulesa			
	<i>Mayuge</i>	Buwunga			
	<i>Busowa</i>	Nankoma			
		Bulidha			
		Budhaya			
		Muterere			21
Namayingo	<i>Namayingo</i>	Mutumba			
	<i>Banda</i>	Buhemba			
	<i>Mutumba</i>	Buyinja			
		Buswale			
		Banda			

		Sigulu			
		Bukhana			
		Lolwe			12
Kaliro	<i>Kaliro</i>	Bumanya			
	<i>Namwiwa</i>	Gadumire			
	<i>Nawaikoke</i>	Namugongo			
	<i>Bulumba</i>	Namwiwa			
		Nawaikoke			
		Kisinda			
		Kasokwe			
		Buyinda			
		Budomero			
		Nansololo			
		Bukamba			16
Kamuli	<i>Balawoli</i>	Balawoli	Kamuli MC	KMC Nothern Div	
	<i>Namwendwa</i>	Bugulumbya		KMC Southern Div	
	<i>Mbulamuti</i>	Bulopa			
	<i>Kisozi</i>	Butansi			
	<i>Kasambira</i>	Kisozi			
	<i>Nawanyago</i>	Kitayunjwa			
		Mbulamuti			
		Nabwigulu			
		Namasagali			
		Namwendwa			
		Nawanyago			
		Wankole			
		Kagumba			
		Magogo			24
12	47	102	3	8	172

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