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LOCAL GOVERNMENT REVENUE AND ECONOMIC WELFARE OF THE LOCAL COMMUNITY OF KAGULU IN BUYENDE DISTRICT LOCAL GOVERNMENT, UGANDA

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Abstract

The Kagulu sub-county community still faces harsh welfare conditions, as evidenced by rising rates of poverty and restricted access to necessities such as food, water, shelter, electricity, healthcare, and education, even in spite of rising district local government revenues, which are generally acknowledged to make a major contribution to community welfare. In the Kagulu sub-county of the Buyende District Local Government, the study was conducted to look into the relationship between local government revenue and the economic welfare of the local community. Using the table provided by Krejcie and Morgan (1970) as a guide, a sample of 152 respondents was chosen from a population of 250 people for the study. A straightforward random sample method was used to choose these. Questionnaires that respondents self-administered were used to gather data. Following the collection of data, it was edited and coded and entered in SPSS computer program which was used to generate descriptive and inferential statistics. To evaluate the study hypotheses and determine the type and degree of the link between the study variables, Pearson's correlations as utilized in SPSS were employed. According to the findings, there is a substantial positive correlation ($r = 0.716$, Sig. Value = $0.000 < 0.01$ and $N = 139$) between locally raised revenue and the economic welfare of the local community in Kagulu Sub-County BDLG. $W = \beta_0 + \beta_1 LR + M$ was the regression model that served as the study's guide. According to the model's conclusions, the study's independent variable locally raised revenue can account for up to 62.4% of fluctuations in the dependent variable; the remaining 37.6% are explained by variables or factors that were not examined in this particular study. As a result, the study suggested that initiatives be focused on strengthening accountability, such as enforcing punitive actions against those who fail to account for the locally generated earnings, in order to increase local government revenue.

1.1 Introduction

Pigou (1920) is credited with coining the term "economic welfare," which refers to "that part of welfare that can be brought directly or indirectly into relation with the measuring-rod of money." This left out factors that could not be valued in terms of money, such as justice, freedom, and rights. Nonetheless, Amartya Sen did not coin the phrase until the late 1970s, when he did so on his own. Sen (1977) defined "welfarism" as "the general approach of making no use of any information about the social states other than that of personal welfares generated in them." Early in the new millennium, several writers like Paradowska (2017) demonstrated that community members' economic welfare requires full satisfaction of both material and non-material needs of such members. According to Paavola (2012), economic welfare can be seen in the community's access to roads, healthcare, education, food security, livestock, and revenue sources. Additional variables include rising credit amounts, savings, income levels, education, security of food and health, asset accumulation, and improved housing (Ouma et al., 2015).

In many nations, improving the financial well-being of citizens has evolved into a top priority when formulating macroeconomic policies. This is primarily because these circumstances are linked to a number of favorable results, including enhanced economic growth and a notable decline in the percentage of the population living in poverty (Fiseha & Miguel, 2018). However, increasing the financial well-being of society's members remains a difficult task, and in many nations throughout the world, economic growth has not been accompanied by enhancement of the financial well-being of society (Lewis, 2012). Furthermore, roughly 10% (736 million people) of the world's population still live in poor economic welfare conditions, which are defined as having limited income levels and no access to social security systems, healthcare, education, sanitation, and work opportunities. This is true despite the growth of global economies and scientific and technological advancements (United Nations Development Program, UNDP, 2020).

Over 490 million people, or 36% of the entire population, live in appalling economic conditions in African countries, making the issue much more widespread there (Development Aid, 2021). Additionally, Nkurayija (2011) demonstrated that, in spite of decades of conceptualizing, formulating and implementing various types of economic policies and programs, the African region contains a growing share of the world's absolute poor with little improvement in people's economic welfare.

Poor economic welfare is a problem that is also said to exist in Uganda, where 12.3 million people or 30.1% of the country's population—have limited access to necessities like food, water, shelter, electricity, healthcare, and education (Uganda National Survey Report, 2019/2020). With 35.7 percent of the population living in poverty in the country's eastern regions, the issue is much more severe there (World Bank, 2019). Individuals with such low economic wellbeing conditions find it difficult to earn a consistent, large income and are more susceptible to health, political, and economic downturns. Therefore, finding a long-term solution to this issue is imperative.

1.2 Statement of the problem

In order to fulfill their obligation to enhance the well-being of citizens within their designated areas, local government entities must raise appropriate funds from various sources. These revenues allow local governments to fund a number of community development initiatives, such as those that improve people's welfare situations by reducing poverty and building roads, schools, health facilities, and water projects. (Source: Bird, 2010) In light of the aforementioned, BDLG has made a concerted effort to raise funds as one of the prerequisites for offering services that would improve the financial well-being of community members. as shown in the development plan for BDLG From 2015/2016 to 2019/2020, there has been a noticeable increase in the revenue from many sources, including donor financing, locally generated revenue, and transfers from the central government (Buyende Local Government District Development Plan, 2020/2021)

Despite this, the economic well-being of the residents of BDLG has not improved. In fact, as stated in the development plan for BDLG, the majority of the population in this area still lives in deplorable financial hardship. The BDLG Development Plan 2020/2021 - 2024/2025 provides evidence of this, showing that the district's high poverty rate has persisted and that just 11% of its residents work for a living. The national poverty index is 21%, while the index is 42.3%. In spite of the fact that parts of Buyende were traversed by the national grid, only 20% of the population has access to running water in their homes, and only 5% has electricity. In a 5-kilometer walking radius, about 65% of the population lacks access to health services. Given the small number of schools, 83.7% of children enrolled in school remain excluded, contributing to the low access to education (BDLG, District Development Plan, 2023/2024).

The majority of community members reside in subcounties like Kagulu sub-county, where the current study was conducted, in substandard shelters that are just covered with grass or constructed with poles and plastic sheets. Additionally, they lack access to essential services like safe drinking water, healthcare, and education. For example, just three health centers were found to provide health services (BDLG Development Plan 2020/2021 - 2024/2025). Patients at these health centers sometimes have to wait so long in line that they are turned away. Women and children typically had to travel more than half an hour to get to water sources in the sub-county due to a severe water deficit. Since there are only two secondary schools in the entire sub-county, there are also few educational possibilities that could provide access to high-quality, reasonably priced education. The researcher questions why residents of Kagulu sub-county still experience low economic welfare conditions despite the increase in district local government revenues that are widely believed to have a significant contribution towards welfare of community members (Bank, 2019).

2.1 Literature Review

The classic theory of optimal taxation, put out by Ramsey (1927) and Mirrlees (1971), provided direction for the study. This theory states that, given a set of restrictions, a tax system should be selected to maximize a social welfare function. Since the social welfare function is predicated on the utility of individuals in the community, the literature on optimal taxation usually treats the social planner as a

utilitarian. This literature uses a social welfare function that is a nonlinear function of individual utility in its most general studies. A social planner who favors, say, more equal utility distributions can do so because of nonlinearity. Nevertheless, other research in this literature implies that the social planner just considers average utility, suggesting a social welfare role that is linear in individual utilities. To simplify the problem facing the social planner, it is often assumed that, for example, everyone in society has the same preferences when it comes to leisure and consumerism. Occasionally, this homogeneity assumption is strengthened by assuming that every person in the economy is exactly the same. The objective of the social planner is to select the tax structure that optimizes the welfare of the representative consumer, taking into account the fact that the customer will react to any incentives the tax structure offers.

One tactic proposed by Frank Ramsey in 1927 is to assume that the planner needs to obtain a specific amount of tax revenue solely through the taxation of commodities. According to Ramsey's research, the tax burden on goods should be inversely related to the representative consumer's elasticity of demand, meaning that commodities with inelastic demand will be subject to higher taxes. The work that Ramsey has done has significantly affected tax theory as well as other fields such as public goods pricing and regulation. The second wave of optimal tax models was started by James Mirrlees (1971), who proposed a formalization of the planner's issue that explicitly addresses unobserved heterogeneity among taxpayers. According to the simplest form of the paradigm, people's intrinsic capacity for earning money varies. Although the planner cannot directly view ability or effort, they can observe income, which is dependent on both. People will be deterred from working as hard to achieve that income if the planner taxes income in an effort to tax the wealthy and talented. The traditional trade-off between efficiency and equality that real governments face is formalized by the Mirrlees approach, which takes into account unobserved heterogeneity, diminishing marginal utility of consumption, and incentive effects face, and tax theorists now primarily use this strategy. This hypothesis will serve as the foundation for this investigation since it links all of the study's concerns with local government revenue and community economic welfare.

"Local government revenue," which is defined as the total of the money a local government receives from different citizens and organizations, served as the study's independent variable (Tabuuza, 2013). In Uganda, local governments primarily get income from three sources: donor assistance, locally produced revenue, and grants from the central government, according to Bogere (2013). According to Tabuuza (2017), locally generated revenue in this context refers to the funds raised by the local government from sources falling under its purview. Because Kagulu Sub-County has one of the lowest welfare indices in Buyende District Local Government, the study specifically concentrated on this sub-county. For example, the BDLG Development Plan (2020/2021 - 2024/2025) stated that there are only three health centers in the Kagulu sub-county. Patients at these health centers sometimes have to wait so long in line that they are turned away. Women and children typically had to travel more than half an hour to get to water sources in the sub-county due to a severe water deficit. Since there are only two secondary schools in the entire sub-county, there are few educational possibilities that would support access to high-quality, reasonably priced education (BDLG Development Plan 2020/2021 -

2024/2025). It is important to understand why The Kagulu sub-county's community members still endure extremely difficult economic circumstances, even with the rise in district local government revenues—which are generally acknowledged to make a major contribution to community welfare. This supports the necessity for research to determine whether local government revenue and community members' economic welfare in Kagulu sub-county, BDLG, are statistically correlated.

3.1 Research Design

An investigation design based on correlation was chosen for this study. A correlational study approach, according to Pallant (2011), is helpful in characterizing the direction and intensity of the association between two variables. Since he aimed to look into the connection between local government revenue and the financial well-being of community people in Kagulu sub-county, BDLG, the researcher felt that this research design was acceptable. In the investigation, a quantitative technique was used. According to Polit and Beck (2008), a quantitative method is one that uses formal tools like questionnaires to gather the necessary data and generates outcomes in accordance with the predetermined plan. To improve objectivity, the data is typically numerical and evaluated using statistical techniques (Polit & Beck, 2008).

3.2 Study Population and sample size Determination

Community religious and political leaders, philanthropists, and BDLG administrative personnel made up the research population. The study population consisted of these 250 individuals in total. Out of the 250 responders in the population, 152 were chosen as a sample. These were chosen in accordance with Krejcie and Morgan's (1970) recommendations.

3.3 Sampling Technique

We employed a layered simple random approach. A stratified simple random guarantee that every element under study has an equal chance of being chosen, as Chimucheka (2012) points out. Additionally, the respondents were split into four strata or categories in this study by the researcher: funders, BDLG administrative staff, political and religious leaders in the community, and others.

3.4 Data Collection Instruments

Since the study was entirely quantitative, the only method for gathering data was through closed-ended questionnaires. According to McMillan & Schumacher (2014), a questionnaire can be used to gauge a respondent's values, beliefs, attitudes, and knowledge regarding the research variables.

3.5 Validity of the Instruments and Reliability of the Instruments

A content validity index was computed using the following formula.

$$C V I = \frac{\text{Agreed items by all judges as suitable}}{24}$$

Total numbers of items (27)

Given that the calculated content validity index (CVI), as indicated above, is 0.88, the instrument used to gather the data was legitimate. This is due to the fact that research accepts instruments with a validity coefficient of at least 0.70 as legitimate (Oso & Onen, 2008). To evaluate the validity of the research tools, the investigator chose ten participants from the target group as a pilot group. Pilot testing is crucial because it evaluates how well the questionnaire measures the variables and how relevant it is (Kothari, 2004).

3.6 Data Analysis

After all of the data was coded, it was input into the SPSS, a computer-based statistical application. Statistical methods including inferential and descriptive statistics were applied during the data analysis process. The relationship between the dependent and independent variables was ascertained using inferential statistics, specifically Pearson's Correlation analysis (Wiid & Diggines 2015). In the investigation, a multinomial logistic model was employed. The dependent variable, Economic Welfare of Community Members, was divided into categories that were mutually exclusive, such as income levels, food security, education, health services, and water supplies. $W = \beta_0 + \beta_1 LR + M$, where β_0 denotes the constant term, β_1 the beta coefficients, LR the locally raised money, and W the dependent variable (economic welfare of community members).

Results

4.1 Response Rate

Table 4.1: Showing Study Response Rate

Questionnaires	Number of Respondents
Questionnaires issued out	152
Questionnaires recovered	148
Questionnaires fully filled	139
Questionnaires with blank spaces	9
Questionnaires considered for analysis	139
Response rate (%)	91.4%

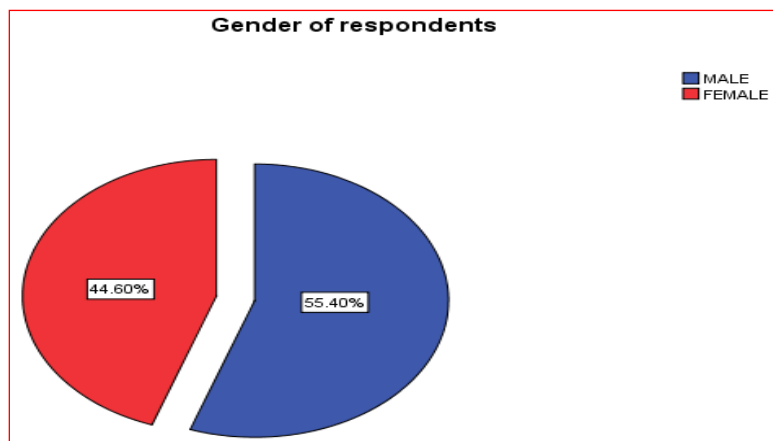
Table 4.1 above makes clear that 152 copies of the questionnaire were distributed to respondents, and 148 of those copies were recovered by the study. Nine of them had blank spaces and were excluded from the data analysis, leaving 139 questionnaires completely completed. We took into account 139 of them when analyzing the data. This resulted in a 91.4% response rate. Therefore, it can be said that the study's response rate was very good, in accordance with Mugenda and Mugenda's (2007) recommendation that a response rate of 70% or more is considered very good. Additionally, Kothari (2004) emphasized that a response rate of 50% is considered appropriate, and a rate of more than 70%

is considered excellent. This remarkable rate of response became a reality after the researcher made personal calls to remind the respondents to fill-in and return the questionnaires.

4.2 Demographic Characteristics of Respondents

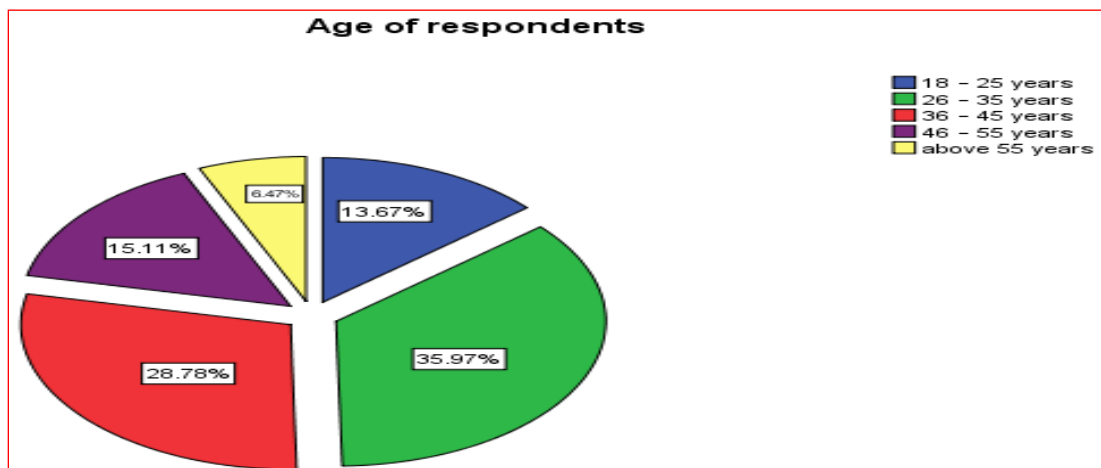
It is advisable to provide and analyze the respondents' demographic features in order to have a comprehensive grasp of the sample and the respondents' perspectives of the ideas being studied (Kasekende, 2014). As a result, the researcher collected, compiled, evaluated, and presented data on the respondents' gender, age, degree of education, and length of time living in the study area. The results for each of these traits are shown below.

Figure 4.1: Showing Gender of the Respondents



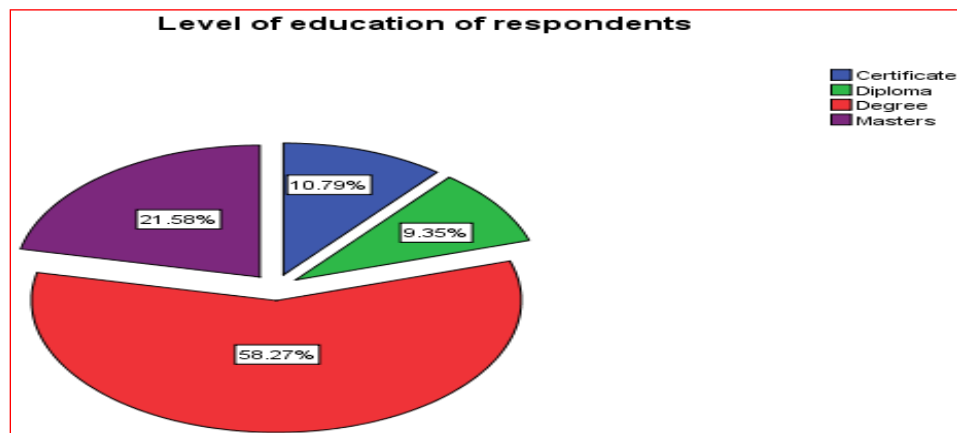
As presented in Figure 4.1 above, 44.60% of the respondents were female, and 55.40% of the respondents were male. Given that the study had nearly similar numbers of replies from both sexes, this indicates that the findings were trustworthy. Based on Mbabazi's (2008) assertion that study responses from both sexes are more trustworthy than those from just one, this is done.

Figure 4.2: Showing Age of the Respondents



According to the results shown in Figure 4.2 above, 13.67% of the respondents were between the ages of 18 and 25, 35.97% were between the ages of 26 and 35, 28.78% were between the ages of 36 and 45, 15.11% were between the ages of 46 and 55, and 6.47% were older than 55. This implies that the bulk of responders belonged to a mature age group and might, thus, accurately represent the researcher's study region. This is based on the work of Amin (2005), who contended that a majority age of more than 18 adds significance to the responses since mature individuals reflect more deeply on a given element of life.

Figure 4.3: Showing Education Level of Respondents



The findings shown in Figure 4.3 above show that 10.79% of respondents had only completed a certificate program, 9.35% had a diploma, 58.27% had earned a bachelor's degree, and 21.58% had earned a master's degree. This suggests that participants in the study had a sufficient level of literacy and were therefore better able to comprehend and analyze the questionnaire's contents. This concurs with Uma (2000), who emphasized the significance of including participants in social investigation research who had reached a sufficient level of literacy and numeracy to be able to comprehend and evaluate the questionnaire's content.

Figure 4.4: Showing Number of years spent in the study area

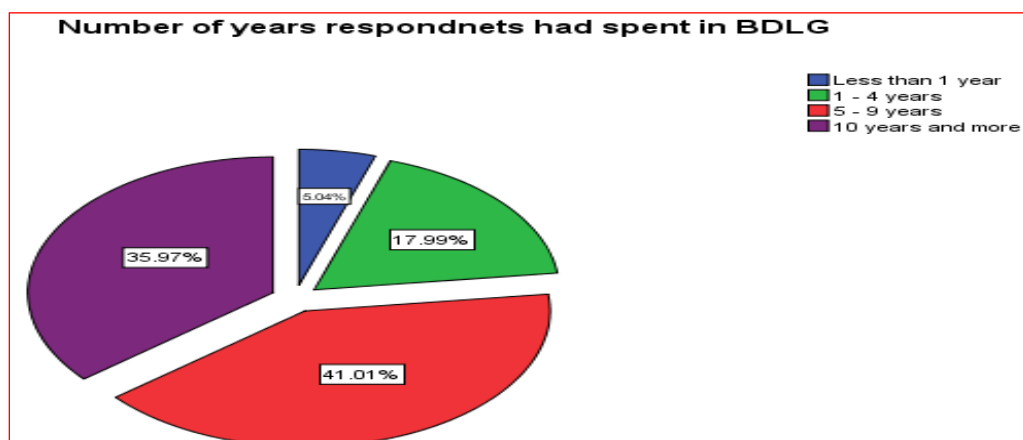


Figure 4.4 makes clear that 5.0% of respondents had been in the study region for less than a year, 17.99% had been there for one to four years, 41.01% had been there for five to nine years, and 35.97% had been there for ten years or more. This suggests that most of the respondents had worked in the research region for a sizable amount of time, which suggests that most of them were able to explain issues with local government revenue and the financial well-being of the Kagulu sub-county community.

4.2. Findings

First, the Kagulu Sub-County presents the descriptive statistics for each item related to locally raised money. Subsequently, inferential statistics, or correlations, were used to assess the study hypothesis.

Table 4. 2: BDLG has a comprehensive list of all its internal revenue sources

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Agree	123	88.5	88.5	88.5
Strongly Agree	16	11.5	11.5	100.0
Total	139	100.0	100.0	

When asked if BDLG had a complete list of all its internal revenue sources, 123 (88.5%) of the respondents agreed, and 16 (11.5%) strongly agreed, according to the study's results, which are shown in Table 4.2. Given that the majority of respondents agreed with this statement, it appears that BDLG maintains a thorough record of all of its internal revenue sources. These results corroborate those of Kibira & Kiberu (2020), who found that having an exhaustive record of all internal revenue sources is crucial for local governments since it facilitates property appraisal, invoicing, and tax collection. According to a study by Odd-Helge Fjeldstad from 2003, local administrations are better able to sustain and supply the most basic public services since it is easier to collect locally earned revenue welfare conditions of the community members.

Table 4.3: The biggest percentage of locally raised revenue is spent on provision of public goods / services to the community

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	13	9.4	9.4	9.4
	Disagree	15	10.8	10.8	20.1
	Agree	95	68.3	68.3	88.5
	Strongly Agree	16	11.5	11.5	100.0
	Total	139	100.0	100.0	

When asked whether the majority of locally raised revenue is spent on providing public goods / services to the community in BDLG, Table 4.3 presents the study results, showing that 13 (9.4%) strongly disagreed, 15 (10.8%) disagreed, 95 (68.3%) agreed, and 16 (11.5%) strongly agreed. Given that the majority of respondents agreed with this statement, it appears that the bulk of locally generated revenue is used to fund the delivery of public goods and services to the BDLG community. These results are consistent with Ndemanyisho's (2014) assertion that a large number of local governments worldwide rely on locally raised taxes and other forms of revenue to support social and economic wellbeing, secure the supply of public goods and services, and redistribute wealth and income among society's members. According to a study by Ndifuna (2008), revenue from local government must be directed toward services that are visible rather than administrative costs that are rarely valued by taxpayers and service recipients. This is necessary to provide incentives for local revenue generation at the local level.

Table 4.4: There is adequate transparency in the utilization of all locally raised revenue in BDLG

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	5	3.6	3.6	3.6
	Disagree	114	82.0	82.0	85.6
	Agree	19	13.7	13.7	99.3
	Strongly Agree	1	.7	.7	100.0
	Total	139	100.0	100.0	

When asked if there is enough transparency in the BDLG's use of all locally raised funds, 5 (3.6%) of the respondents strongly disagreed, 114 (82.0%) disagreed, 19 (13.7%) agreed, and 1 (0.7%) highly agreed, according to study data shown in Table 4.4. Given that the majority of respondents disagreed with this question, it appears that BDLG does not use all of its locally generated revenue transparently. These results conflict with those of Mpaata et al. (2015), who emphasized the necessity of openness to both

record the significance of revenue collection and guarantee that the existing receipts are used appropriately that is meaningful and offers the community real advantages. These results also contradict those of Mpaata, Lubogoyi, and Okiria (2015), who found that considerable measures must be taken to guarantee transparency in tax assessment, tendering, and service procurement if district local governments are to be successful in their efforts to collect revenue. This factor is still crucial for providing services and raising community members' welfare levels.

Table 4.5: The district also adequately accounts for all the locally raised revenues

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	42	30.2	30.2	30.2
	Disagree	75	54.0	54.0	84.2
	Agree	21	15.1	15.1	99.3
	Strongly Agree	1	.7	.7	100.0
	Total	139	100.0	100.0	

The study's findings are shown in Table 4.5. When asked if the district also appropriately accounts for all locally raised funds, 42 (30.2%) respondents strongly disagreed, 75 (54.0%) disagreed, 21 (15.1%) agreed, and 1 (0.7%) highly agreed. Given that the majority of respondents disagreed with this statement, it appears that BDLG does not fully account for all locally generated income. These results contradict those of Chinelo (2013), who argued that accountability is necessary for the management of public expenditures since it guarantees that all decisions and acts made by public servants are scrutinized.

Table 4.6: BDLG has adequate capacity to collect all local revenues as planned each financial year

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	13	9.4	9.4	9.4
	Disagree	7	5.0	5.0	14.4
	Agree	79	56.8	56.8	71.2
	Strongly Agree	40	28.8	28.8	100.0
	Total	139	100.0	100.0	

When asked if BDLG has enough capacity to collect all local taxes as intended each financial year, 13 (9.4%) strongly disagreed, 7 (5.0%) disagreed, 79 (56.8%) agreed, and 40 (28.8%) strongly agreed, according to study results shown in Table 4.6. Given that the majority of respondents agreed with this statement, it appears that BDLG has the resources to gather all scheduled local income each fiscal

year. These results are in line with a study conducted in 2015 by Mpaata, Lubogoyi, and Okiria, which found that many local governments in Uganda are able to raise local funds and hence offer high-quality public services.

Table 4.7: The local people are adequately sensitized about the importance of contributing local revenues like property rates and license fees

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	2.9	2.9	2.9
	Disagree	109	78.4	78.4	81.3
	Agree	24	17.3	17.3	98.6
	Strongly Agree	2	1.4	1.4	100.0
	Total	139	100.0	100.0	

When asked whether the locals are sufficiently aware of the significance of contributing to local revenues like property rates and license fees, 4 (2.9%) of the respondents strongly disagreed, 109 (78.4%) disagreed, 24 (17.3%) agreed, and 2 (1.4%) strongly agreed, according to Table 4.7, which presents the study's findings. The majority of respondents disagreed with this question, which implies that the locals in BDLG are not sufficiently aware of the value of contributing local income sources like property taxes and license fees. These results conflict with those of Kibira and Kiberu (2020), who emphasized that local governments had to educate the population about current taxes while simultaneously looking into alternative sources of income. Some citizens are unaware of some taxes until they are required to pay them. There is need to sensitize the public on a day-to-day basis about local government taxes using both social and traditional media.

Testing Hypothesis

There is no statistically significant relationship between locally raised revenue and economic welfare of local community in Kagulu Sub-County – BDLG

The study used a Pearson's Correlation analysis to compare the mean scores for locally raised revenue against those of the economic welfare of the local community in Kagulu Sub-County - BDLG in order to test the aforementioned hypothesis and determine whether there is any statistically significant relationship between the two. Table 4.8 below displays the SPSS output results.

Table 4. 8: Correlations between locally raised revenue and economic welfare of local community in Kagulu Sub-County - BDLG

		Local Revenue	Economic Welfare of Local Community in Kagulu Sub-County, BDLG
Local Revenue	Pearson Correlation	1	.716**
	Sig. (2-tailed)		.000
	N	139	139
Economic Welfare of Local Community in Kagulu Sub-County, BDLG	Pearson Correlation	.716**	1
	Sig. (2-tailed)	.000	
	N	139	139

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

The findings shown in Table 4.8 demonstrate a robust positive association ($r = .716$) between locally earned revenue and the economic well-being of the Kagulu Sub-County - BDLG community. A statistically significant link is indicated by a Sig-value of .000, which is smaller than .01. As a result, the alternative is accepted and the null hypothesis, which claimed that "there is no statistically significant relationship between locally raised revenue and economic welfare of local community in Kagulu Sub-County - BDLG," is rejected. As a result, it is determined that there is a statistically significant positive correlation between locally generated revenue and the local community's economic welfare in Kagulu Sub-County, BDLG.

Table 4.9: Model Summary Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.790 ^a	.624	.616	.38259

a. Predictors: (Constant), Donor Funding, Local Revenue, Central Government Transfers

Table 4.10: ANOVA ^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	32.789	3	10.930	74.669	.000 ^a
	Residual	19.761	135	.146		
	Total	52.550	138			

a. Predictors: (Constant), Local Revenue

b. Dependent Variable: Economic Welfare of Local Community in Kagulu Sub-County, BDLG

Table 4.24 presents the results of the ANOVA as well. The findings show that the regression model as a whole ($F = 74.669$; $\text{Sig.} = 0.000 < 0.05$) was significant and had some predictive value. These results show that the three locally generated revenue streams for local governments that were included in the regression model had an effect on the financial well-being of the local population in the Kagulu sub-county of the Buyende District Local Government. As previously suggested in the study model, the Buyende District Local Government was based on the following regression model ($W = \beta_0 + \beta_1 LR + e$). Additionally, the researcher employed the statistical technique of coefficients to determine the degree to which the three sources of local government revenue locally generated revenue, transfers from the central government, and donor funding affect the financial well-being of the local community in Kagulu sub-county, Buyende District Local Government. The results are shown below in Table 4.25.

Table 4.11: Coefficients ^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.694	.237		-2.923	.004
	Local Revenue	.504	.095	.392	5.310	.000

a. Dependent Variable: Economic Welfare of Local Community in Kagulu Sub-County, BDLG

Given its beta value of 0.392, the study results in table 4.25 above show that locally generated revenue is the most significant predictor of the economic welfare of local community members in Kagulu sub-county, Buyende District Local Government. This implies that, while other variables are held constant,

an increase in locally generated revenue results in a 39.2% improvement in the economic wellbeing of local community members in Kagulu sub-county, Buyende District Local Government.

5.1 Summary

Using the table provided by Krejcie and Morgan (1970) as a guide, a sample of 152 respondents was chosen from a population of 250 people for the study. A straightforward random sample method was used to choose these. Questionnaires that respondents self-administered were used to gather data. Data was collected, edited, coded, and then loaded into the SPSS computer program to produce both descriptive and inferential statistics. To evaluate the study hypotheses and determine the type and degree of the link between the study variables, Pearson's correlations as utilized in SPSS were employed. The findings showed a highly significant and statistically significant correlation between locally generated income and economic welfare Kagulu Sub-County's local community's BDLG ($r = 0.716$, Sig. Value = $0.000 < 0.01$, and $N = 139$)

The regression analysis's findings also showed that an increase in one of the study's three independent variables locally raised revenue can account for as much as 62.4% of the improvement in the dependent variable; the remaining 37.6% is explained by variables or other factors that were not examined in this particular study.

5.2 Conclusions

Using the Pearson's Product Moment (PPM) method, a correlation study was carried out. The findings showed that the economic well-being of the local community in Kagulu Sub-County - BDLG is positively correlated with locally generated revenue in a statistically significant and robust way ($r = 0.716$, the Sig. Value = $0.000 < 0.01$ and $N = 139$). The regression analysis's findings also showed that, when other variables are held constant, an increase in locally generated revenue results in a 39.2% increase in the economic wellbeing of local residents in Kagulu sub-county, Buyende District Local Government. As a result, the alternative was accepted and the previously stated null hypothesis was rejected. Thus, it was determined that the economic wellbeing of the local community in Kagulu Sub-County is positively correlated with locally generated revenue in a statistically significant way.

5.3 Recommendations

The study's inferential statistics revealed a statistically significant and strongly favorable association between the local community's economic welfare in Kagulu Sub-County - BDLG and the money generated locally. Additionally, it was found that, other things being equal, an increase in locally generated revenue would result in a 39.2% improvement in the economic welfare of local community members in Kagulu sub-county, Buyende District Local Government. Therefore, initiatives to increase locally generated income should be undertaken in order to enhance the financial well-being of the local population in Kagulu sub-county. BDLG management ought to focus more on improving accountability, among other things by implementing severe actions to those who are unable to account for the money earned locally. Additionally, openness in the handling of locally generated income ought to be maintained. For example, BDLG has the ability to post on the notice board the

amount of money raised and the expenditures made during a specific time frame. In order to share ideas with the community on how to generate and use locally produced revenue, BDLG can also begin planning community gatherings and other information-sharing venues. Additionally, community members should be made aware of the value of contributing to local revenue streams like property taxes and license fees through the use of these platforms.

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