

CREDIT MANAGEMENT AND CUSTOMERS WILLINGNESS

TO SETTLE NATIONAL WATER AND SEWERAGE

CORPORATION BILLS



H G 36 91
. 079
2009

BY

JOSEPHINE ORYEM

REG. NO: MBA/17129/71/DU



A THESIS SUBMITTED IN PARTIAL FULFILLMENT OF THE AWARD

OF A DEGREE OF MASTER OF BUSINESS ADMINISTRATION

OF KAMPALA INTERNATIONAL UNIVERSITY (KIU)

(FINANCE AND BANKING)

JULY 2009

DECLARATION

I, Oryem Josephine, hereby declare that the work contained in this report is original and has never been submitted to any University or College for the award of a degree.

Signed 

JOSEPHINE ORYEM

Date 



APPROVAL

I certify that Oryem Josephine carried out research and wrote this report under my supervision. The report has been submitted for the award of a Degree of Master of Business Administration of Kampala International University with my approval as a University supervisor.

Signed



DR. OLWOR SUNDAY

Date



DEDICATION

I dedicate this piece of work to my family members as an encouragement to their future pursuits and ambitions in life.

ACKNOWLEDGEMENT

First and foremost, I thank my supervisor: Dr. Olwor Sunday for dedicating his valuable time to supervising my work when he could have used it to do his business and other things. I thank him for the valuable guidance rendered to me towards the completion of this report.

In the same respect, I thank my lecturers, course mates and friends particularly Mr. & Mrs. Kamunuga, Birungi Silver and Ochen Peregrine for their intellectual and physical support in the production of this report.

Special thanks also go to my family members and close friends for all the financial, moral support and general encouragement during my educational pursuits.

I also thank the Top Management and Administrative staff of National Water and Sewerage Corporation Kampala Water for granting me an offer to upgrade my standard of education.

Sincere thanks go to the staff of National Water and Sewerage Corporation and the customers of the corporation, who were my respondents and willingly provided me with the necessary and relevant information. Sincerely without their co-operation, this report would not have appeared the way it is. Therefore, their contributions to the academic world and especially towards writing this report cannot be underrated but treasured.

Finally I thank the panelists for the constructive remarks and academic advice to polish the final copy in accordance to the generally accepted research standards.

TABLE OF CONTENTS

DECLARATION.....	ii
APPROVAL.....	iii
DEDICATION.....	iv
ACKNOWLEDGEMENT.....	v
TABLE OF CONTENTS	vii
LIST OF TABLES.....	xiv
ABSTRACT.....	xvii
CHAPTER ONE: INTRODUCTION.....	1
1.1 Background to the study.....	1
1.2 Statement of the problem.....	5
1.3. Purpose of the study.....	6
1.4. Objectives of the study.....	6
1.5. Research Questions.....	6
1.6 Scope of Study.....	7
1.7 Significance of the study.....	7
CHAPTER TWO: LITERATURE REVIEW.....	8
2.1 Introduction.....	8
2.2 Theoretical framework.....	8

2.4	Review of related literature.....	8
2.3.1	Credit management.....	8
2.3.2	Aspect of customers' willingness to settle water bills.....	9
2.3.3	Water tariff.....	12
2.3.4.	Reliability of water supply.....	14
2.4	Ability to pay	16
2.5	Revenue Collection.....	20
CHAPTER THREE: RESEARCH METHODOLOGY.....		23
3.1	Introduction.....	23
3.2	Research design.....	23
3.3	Research Environment.....	23
3.4.	Study Population.....	24
3.5.	Selection of water Branches.....	24
3.6.	Sample size.....	24
3.7.	Research Instruments for data collection.....	24
3.7.1	Primary and Secondary data.....	24
3.7.2	Research Revised Questionnaire.....	25
3.8.1	Validity of Instruments	25
3.8.2	Reliability of Research Instruments.....	26
3.9.	Data collection procedure.....	26
3.10	Data processing and analysis.....	26

CHAPTER FOUR: PRESENTATION, ANALYSIS, FINDINGS AND

INTERPRETATION OF DATA.....	28
4.1 Introduction.....	28
4.2 Credit management.....	28
4.3 Participation in handling matters concerning credit management.....	29
4.4 Good credit management can be enhanced by motivated staff.....	30
4.5 Customers' willingness to settle water bills.....	30
4.6 ignoring customers complaints.....	32
4.7 customers' willingness influenced by solving their problems.....	33
4.8 Section D: Orientation statements.....	33
4.9 Section E: Orientation statements.....	35
4.10 Section F: Orientation statements.....	36
4.11 Section G: Orientation statements.....	37
4.12 Section H: Orientation statements.....	38
4.1.3 Ways of improving customers' willingness.....	40
4.1.4 Other Reasons.....	40
4.1.5 Disconnected customers.....	41
4.1.6 Revenue collection	41
4.1.7 Preferred customers.....	42
4.1.8 Domestic and commercial customers.....	42
4.1.9 Relevant information.....	43
4.2.0 Correlation.....	44

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND

RECOMMENDATIONS.....	45
----------------------	----

5.1	Introduction.....	45
5.2	Summary.....	45
5.3	Conclusion.....	46
5.4	Recommendations.....	48
	References.....	50
	Appendixes.....	54

APPENDIXES

Appendix I:	Letter of introduction.....	54
Appendix II:	Research questions.....	55
Appendix III:	Calculation for the content validity index (CVI) of instruments.....	71
Appendix IV:	Calculation for the reliability of the instruments using the Cronbach's alpha correlation coefficient.....	73

LIST OF TABLES

Table 1: Credit management.....	28
Table 2: Customers' Willingness.....	31
Table 3: Correlation between credit management and customers' willingness.....	44

Lists of Abbreviations

NWSC	National Water & Sewerage Corporation
KW	Kampala Water
DEPA	Danish Environmental Protection Agency
EPA	Environmental Protection Agency
ADB	Asian Development Bank
VAT	Value Added Tax
WHO	World Health Organization
CVI	Content Validity Index
IFRS	International Financial Reporting Standards

ABSTRACT

The study aimed at credit management and customers' willingness to settle bills of National Water and Sewerage Corporation – Kampala Water. The study was guided by the following objectives:

To find out the relationship between credit management and customers' willingness to settle water bills.

The research study was carried out to investigate how credit management can be best orientated to enhance and improve the collection margin.

The study was carried out from National Water and Sewerage Corporation (NWSC) Kampala Water.

The study used a descriptive survey research design in which both qualitative and quantitative methods were used. The collected data was presented in tables with varying percentages calculated. Interpretations and drawing of recommendations were made according to the number of occurrences on each item.

The study findings revealed that credit management has a great influence on customers' willingness to settle water bills.

The study summarized that; the credit management and customers' willingness to settle water bills are affected by the art of decision making, planning and implementation plus consultation of customers in form of education, awareness and sensitization about the activities of NWSC on her mission and vision statements, and most vital their duties and

obligations towards the corporation in return for the services enjoyed that resultantly would enhance and improve credit collection.

Basing on the study findings, the following recommendations were captured from the respondents; Organizational / institutional politics always demotivates staff which finally affects credit management in NWSC; so such should be vehemently discouraged to safeguard and promote the mission and vision statement of the corporation, There is still a great need for the management to appreciate and recognize what the staffs are doing most especially at branch levels cultivate the art of belonging and confidence in the corporation, to achieve the millennium development goals water should be subsidized to a flat rate for everybody to afford with ease and convenience. Furthermore, transparency in rewards and promotion has a positive bearing on performance and management should value it seriously when there is need for promotions, like banks job rotation based on qualification either annually or after two years should be encouraged to embrace various skills and knowledge in accounts, stores, commercial, technical, finance and other departments in the corporation, important to note incentives should be encouraged like lobbying from the Government to increase on their releases / subsidies and lastly be strict on commercial and domestic collections in handling and resolving issues affecting the credit management policies and procedures.

CHAPTER ONE

INTRODUCTION

1.1 Background to the study

NWSC was established by Decree No. 34 of 1972 and in 1995 was re-established as a Corporation through the NWSC statute (1995). In the same year, the Water statute (1995) was also established to govern water utilization and management. The corporation has the mandate to operate and provide water and sewerage services in urban areas entrusted to it by the parent Ministry on a self – sustaining basis. Currently it is providing its services to 22 towns in Uganda. The governing body of the corporation is the Board of Directors appointed by the Minister in charge of Water and Environment on a renewable three years contract. The Board's executive powers are delegated to the Managing Director who is responsible for day to day management.

The organization structure of the corporation is decentralized with operational powers being exercised by the Area and Branch managers with strategic guidance from the head office.

Generally in Uganda people think that companies, organizations and corporations operating under the Government (Parastatal bodies) should offer services free of charge and if any tariff is to be set should be highly subsidized by the Government (small tariff) even others feel tempted to remark that “why to pay, the services are provided by the Government”. Evidently this has affected management and implementation of activities which consequently affect the margin of revenue collection in Government Parastatal bodies of which National Water and Sewerage Corporations (NWSC) is not an exception.

The presidential pledge free connections commonly referred to as “yellow taps” to the urban poor has also worsened the arrears portfolio as these able customers are not willing to pay for the used water taking it as a free service provided by the president and should not be paid for. Furthermore, Government ministries and departments whose bills accounts for 30% of the total billings take long to pay and yet the corporation cannot disconnect their services or take them to court for failure to pay their bills promptly due to political influence and power, since the corporation is wholly owned by government of Uganda.

The scenario experience by Parastatal bodies makes the study eminent strategically to improve management and implementation of activities. The report (theses) are about Management of credits and customers’ willingness to settle water bills on demand; an intervention in NWSC – Kampala Water (KW)

The study envisaged the relationship between Management of credits and customers willingness to settle water bills in NWSC –Kampala Water (KW) basically to improve the credit collection that is pertinent to the success and development of the corporation. The study covered branches in Kampala.

Furthermore, the study looked at appropriate recommendations to improve the willingness of customers to pay water bills within the stipulated time and period in order to meet the strategic set corporate objectives.

On the other hand, it is worth propounding that, with the rapid pace of globalization, development and urbanization of most countries / nations, has created a great need to have clean, safe and affordable water; this has become very desirable and crucial: “Water is life” a major factor in the social- economic fabric of the country and it determines the potential of



development in the country. In Uganda, (NWSC) with a strong touch dedicate herself to produce, distribute and manage water and sewerage services in the country.

Under the new legal framework, the powers and structure of NWSC were revised to enable the corporation to operate on a commercial and financially viable basis. NWSC provides water and sewerage services to her customers on post paid basis, which means that the customers receive / enjoy services in advance before payment. This therefore, form the accounts receivables which refers to the bills from water and sewerage services that were provided on credit (post paid) and to be paid when due and on demand.

The accounts receivables (water & sewerage bills) are current assets to NWSC and are expected to be paid on monthly basis yet this is not the case. The collection period (debt age) has become so long and in some cases going beyond 6 months which affects. However, some customers do appreciate the services rendered by NWSC; therefore meet deadlines which have sustained the corporation in the service delivery sector.

In addition, the corporation has taken several measures to enable it improve its revenue collection like “debt free imitative, bill every drop and collect all the money program” 2008, 100 days program 2008, publishing of defaulters in the newspapers, use of debt collectors, distressing non responsive customers, writing off bad debts over 5 years (the corporation wrote off 3 billion in January 2009, giving amnesty to disconnected customers purposely to improve the revenue margin.

It is also important to note that, Customers and consumers of water are looking for a certain level of service in terms of reliability of supply, quality of water, fair and reasonable tariff structures (Rokodi, 2000).

Many times bills remain unpaid either because customers are not able to pay them or they are just not willing to pay. Such kind of bills arise out of underground leakage after the meter, which is the responsibility of the customer, failure to deliver bills for months (poor customer outreach), wrong billing due to wrong readings submitted and estimated billings, huge fines arising out of illegal use of water. NWSC has developed a number of “Dry zones” especially in Kampala, (refer to Saturday monitor 10th January 2009). In such cases service charges are raised without water, such bills are normally disputed and customers are not willing to pay

According to Hoagland (1998) it is a mistake to assume that households always want lower prices for water and waste services. Customers always want better services and are willing to pay for them. When billings are outside the normal range, customers loose faith in the service provider and develop unwilling attitude to pay and the bills will remain outstanding in the books of accounts as receivables. This actually explains the level of unwillingness and inability to pay some of these bills.

Kampala Water Arrears Reduction Summary – End of April 2009 report shows that only 40,876 customers out of total number of 130,469 paid their bills, 19,421 customers are disconnected leaving 111,048 on supply. The bill recovery effectiveness for this month was 84% and arrears uncollected from the march billing alone was one billion. This is compared badly with a bill recovery with effectiveness ratio of 95% for best practice (source – World Bank, 2000). Anderson et al (1994), as quoted by (Lapierre and Deslanders, 1997), states that having committed and loyal customers as recent studies have shown, can have a positive impact on company revenue and profitability

1.2 Statement of the problem

NWSC has been experiencing low bill collection; a phenomenon that has led to its inability to discharge its loan repayments (World Bank, 2000). The response rate (number of customers who pay in a month) in Kampala Water in most cases is about 50%. Monthly performance report February 2009 puts the response rate at 49%. Even for those customers who respond, very few clear their bills to zero or even pay half of the bill. The corporation has been finding it difficult to collect revenue in terms of billed water and sewerage from its customers despite the numerous collection strategies put in place.

The phenomenon greatly affects the cash operating margin of the corporation to the extent that it had to retire its fixed deposit account in 2008 to pay the creditors of Kampala Water. The provision of understanding of the relationship between credit management and customers' willingness to pay water bills proves to be an important area for improving revenue collection. The corporation's inability to recover water and sewer bills effectively may also be due to lack of policies that enable the creation of trust, commitment and social bond among its customers who would be persuaded by these policies to develop meaningful relations with the corporation and appreciate that it is essential to pay bill voluntarily while at the same time making it necessary to use the ineffective methods of disconnections and debt collectors to improve revenue collections.

1.3 Purpose of the study

The study examined the relationship between credit management and customers' willingness to settle water bills in National Water and Sewerage Corporation purposely to maximize the level of revenue collection pertinent to its success in the service industry. The study also

examined the level of performance on credit management by the team in meeting the corporate objective of maximum revenue collection. Finally, the study tried to establish the degree of the appropriate credit management geared at enhancing revenue collection from the customers.

1.4 Objectives of the Study

The specific objectives of the study were:

To investigate how the credit management can be oriented to enhance and improve the margin of revenue collection by Kampala Water.

To determine the relationship between management of credits and customers' willingness to settle water bills in NWSC – KW.

1.5. Research Questions

The study findings were guided by the research questions which based on credit management and customers' willingness to settle water bills specifically to enable NWSC improves the revenue collection margin.

The study was guided by the following research questions:

What is the influence of Credit Management on customers' willingness to pay water bills?

What is the effect of credit policies, procedures and guidelines on customers' attitude and willingness to settle water bills?

What is the role of customers in response to water bills from NWSC Kampala water?

The research study was done to offer relevant information on credit management in KW and NWSC as a whole for the purpose of formulating strategies capable of improving the margin of revenue collection. The study was done on credit management team and customers willingness to settle water bills within duration of six months.

1.6 Significance of the study

The findings of the study are expected to be useful to the local community in a special consideration the clients / customers as far as their willingness to settle waters bills are concerned because it will expose them to their responsibility to pay for services they receive from NWSC. The findings will be useful to the to Government specifically to Ministry of Water and Environment in conjunction with NWSC in a bid to formulate practical policy guidelines and procedures that can help attain efficiency in credit policy management and customers' willingness to settle water bills.

The study findings shall also be useful to the present and potential development partners and agencies who are aiding safe and clean water as one of the objective of the millennium development goals. Furthermore, the findings shall provide an insight on how credits are collected, used and controlled, thereby working as an encouragement to the potential partners in promoting clean and safe water. On the other hand, solutions, to the present anomalies in credit management can be sought. It will also contribute to the existing knowledge that can be useful to academicians who may wish to carry out further studies on a related or similar subject matter.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

In this section, the related literature was sought to review the existing relevant literature to the study undertaken by the researcher. It was reviewed along the major themes of the study: credit management and customers' willingness to settle water bills on demand in NWSC-KW. A theoretical framework was also incorporated in the study to give it a firm foundation. In reviewing the related literature, materials were drawn from several sources for the researcher believed that any relevant literature irrespective of the place or time could still be substantial to make a basis for the study. Therefore an attempt was made to fill the research gap between the past writers and the present situation.

2.2 Theoretical framework

The study was guided by contemporary theories as propounded by various scholars and philosophers. The theories explicitly argue the relevance of credit management and the willingness of customers backed by the ability to settle all their bills within the stipulated time and period. The asserted theories avoid complacency, recognizes the need for the corporation to change / adjust and move beyond a formal/legalistic perspective of handling customers. (Kim, (1998).

2.3 Review of Related Literature

2.3.1 Credit Management

According to Stonner et al (1996) asserted that, management is the art of planning, staffing, organizing, coordinating, motivating and controlling of the available scarce resources to achieve the set strategic corporate objectives. Therefore, credit management is desirable for the corporation to be geared at enhancing customers' willingness to settle water bills. However, without good management of credits and other resources the corporation can not meet the set and desired strategic goals and objectives.

2.3.2 Aspect of Customers' willingness to settle water bills

Water infrastructure, distribution and network maintenance are very costly and in any developing countries donors have to come in or borrowing of loans from the government or banks. In the past, no great consideration was taken when taking up some major investments in water network and this has in some cases caused the inability to recover the cost of investment. Today, water bodies do not carry out such big capital works without doing a feasibility study to ascertain whether it's economically and financially viable, that is level of customer's ability and willingness to pay. Where Willingness to pay is completely ignored, consumers may reduce their demand for water or to pay tariffs making enforcement of payment difficult (Danish Environmental Protection Agency (DEPA), 1998).

There are many definitions of willingness to pay. It is the maximum amount of money that an individual is prepared to part with in return for a good or service (Briscoe, 1997). World Bank (1994) defines willingness to pay as an economic concept which refers to the amount of money consumer is prepared to pay for supply of water. Willingness to pay is the expected

payment a user is prepared to pay for a given service or a given change in price level or product attributes (Kim, 1998). It is the sum of real expenditures at the market price plus the value of consumer surplus above market price that the household or individual would have been willing to pay (Carklins, Lurue abd V'ezina, 2003).

Charging for water has attracted a number of debate, some say it's a gift from God, a basic need, the basis for national development, an economic security, an environmental resource, a commodity (Kim, 1998). Willingness to pay looks at water as a commodity that is to be sold and bought. People's perception about water varies therefore different people attach different values to it. These variations are not always recognized by the water bodies that tend to over estimate or underestimate the levels of customer's willingness to pay by a community when implementing water projects (Kim, 1998).

The assumption is that, water is the cheapest utility item and therefore anyone can afford to pay for it. Some people view water as a private good, that is rivalries (there is less available for another person because one person is consuming it) and excludable (it can be provided for one person without being available for every body) (Kassel, 1997). Within the water sector, it is a big mistake to assume that people have the same level of Willingness to pay (Kim, 1998).

People still view water as a gift from God rather than as an economic good which should be paid for. With these kinds of beliefs and attitudes towards water, (DEPA), 1998) believes that water and wastewater services should correspond to the performance of the users. Users are always looking for better quality service and reliable supplies (Rakodi, 2000).

Briscoe, (1998) argues that weak management leads to serious financial consequences for water utilities in developing countries, as they are unable to relate the people's willingness



and ability to pay for service expansion. Rogerson (1997) agrees that state tariffs rarely reflect a community's willingness to spend and ability to pay.

According to Kim (1998) results from a study on willingness to pay in India shows that the higher income households with higher level of ability to pay are less willing to pay for the public utility like water than those with less income. This is the same situation in Kampala Water, the first class and middle class customers, government and institutions with sound income are the ones who do not pay their bills on monthly basis and if they think of paying they will pay not even half of it. Customers of Kampala in consumer categories of Domestic, commercial and Government ministries are less willing to pay their bills to zero on monthly basis. Unless such customers are disconnected, no payment will be made and yet some have political attachments making it difficult or impossible to disconnect. This therefore, explains the poor response rate and huge arrears in Kampala Water.

Some customers are unwilling to pay their bills because of either wrong billing, arrears from previous land owners, serious underground leakage which is the responsibility of the customer, air billing during no supply period and service charges in 'dry zones'

The presidential pledge program of giving free connection and applying the lowest tariff to some categories of customers from 2005 to date has also added on to arrears. These categories of customers are able to pay but completely unwilling to pay with claims of free water from the president.

Economic arguments of managing water as an economic good seem to suggest a combination of private provision and strong public sector regulation. This would achieve efficient and equitable use and encourages water conservation (Wedgwood & Sansom, 2003).

The logical outcome of the economic argument presented above is that users are regarded as customers and it is assumed that they will express demand through the market in terms of their willingness and ability to purchase (Balogun, 1998) as cited in Rakodi (2000). Water should therefore be paid for by user charges.

Planners of utilities like water should consider the proper design for the tariff before the new water supply scheme is commissioned. New tariff structures need to be agreed upon by all stakeholders including user population, local authorities and politicians. Scholars like Rakodi, 2000; Altaf & Hughes, 1994) agree that complexity of water does not enable the economic approach like willingness to pay to be de-linked from other aspects including reliability and regularity of water supply, water quality, customer care and provision of information to the customers.

2.3.3 Water tariff

Customer's ability to pay and willingness to pay in water sectors have put much attention on water tariffs. Since 1998, major development partners in water sectors have promoted fiscal discipline in water sector by ensuring that government takes steps to generate more revenue by raising tariffs that reflect the full cost of services. NWSC has been empowered by the government to index its tariff yearly and the latest indexing was in July 2008 for the financial year 2008 / 2009.

Whittington (1997) defines tariff as a set of procedural rules used to determine the conditions of services and the types and levels of charges for water users in various categories. Monthly billing for NWSC includes water charges, service charge and value added tax (VAT).

Rakodi (2000) provide literature on the different types of tariffs namely flat rates, uniform rates, decreasing block tariffs and lifeline tariffs. Lifeline and decreasing block tariffs are often the choice of many developing countries but this is criticized because they discriminate against the poor users and shared connections (Whittington, 1997). For example, the current decreasing block tariff for commercial customers of NWSC is that those who use water between 0m³ to 1500m³ pay rate of 2,085= per unit, additional consumptions above 1500m³ is 1556= per unit.

Social tariff involves an implicit assumption that there is a correlation between income and low consumption. Tyran (2000) advances that social tariffs combined with subsidies from government are another category of tariff seen as pro poor. Whittington, 1992 argues that despite their popularity as pro poor, social tariffs do not help all poor customers, helps only poor customers with network. When the poor are not connected to the network, low tariff brings no benefits.

Wedgwood & Sansom (2003) argues that when designing water tariff models, it's vital to index the final tariff values. This means that inflation is considered within the model. It is therefore, necessary to increase future tariffs by the annual rate of inflation plus other increases associated with moving towards cost recovery. This means consumers have a choice about whether or not to consume water and between suppliers and ability to pay expressed accurately through actual payment (Rakodi, 2000).

The main purpose of water tariffs are adequate cost recovery, economic efficiency and equity (Wedgwood & Sansom, 2003) and Whittington (1997) believes that economic efficiency can be achieved by setting all water prices to their relevant marginal cost. This ensures that users receive the largest aggregate benefits.

However, Harley (1993) argues that raising the price of water to a level sufficient to cover the costs of water supply need not to make the poor worse off. Wedgwood & Sansom (2003) believes that willingness to pay of households is increasingly becoming a key factor in tariff setting. Tariffs can only be raised for those individuals and communities who are willing to pay for water supply otherwise people may resort to low quality water alternatives. The need to increase tariffs by inflation might be contentious and difficult to understand for consumers who are not used to paying for water (Wedgwood & Sansom 2003).

EPA (1993) argues that water prices send customers a crucial signal about the value of water quality. For some households, however, high prices may strain water systems and household budgets. Rakodi (2000) and Kim (1998) observed that many water users do not consider water bills a priority in their budget allocation, perhaps because of the historical perceptions and attitudes that water is a gift from God. Thus the prices are perceived not to be high and users can make choices through water vendors, springs, wells, boreholes etc as well as reducing the amount consumed. However, EPA (1998) disagrees with Rakodi, 2000, Altfa and Huges, 1994 that higher prices do always result in a reduction in water usage.

However, despite the general acceptance of the need to pay for piped water, users resent perceived inequalities, including higher tariff rates which hurt the poor, perceived inconsistencies and unfair practices in charging collection systems, and giving rise to frequent complaints.

2.3.4 Reliability of water supply

Rakodi (2000) observed that in most developing countries accurate quantitative data on water reliability is mostly not available but it is clear that interruptions to supply and low pressure

are prevalent. For example, in Kampala, very many places are not receiving reliable water supply and some not receiving even a drop because of growth in customer base with no major improvement / development in the network. Some cases of such customers are charged service charges for the service line on ground; some are given estimated bills during the period. There is low pressure in quite a number of areas in Kampala due to small service lines serving so many customers for long distances. Such complaints have been registered (Refer to Saturday Monitor news paper, January 10th, 2009). In spite of these weakness, (Hoagland, 1998, Howe and Smith, 1994) agrees that water managers are to deliver reliable water supply at a reasonable cost.

Tyran (2000) provides wide literature about water reliability aspects especially in developing countries. He argues that in urban areas, reliability of regularity of supply play a vital role as far as user's willingness to pay for water is concerned. When household knows that they will get water only at night or very early in the morning (intermittent water supply), they become unwilling to pay even when they are able, and instead they are willing to pay higher prices for reliable supply.

Lundu (1995) noted that little effort has been devoted to valuing urban water supply reliability. Most of the approaches have been empirical, either using price elasticity (Howe, 1997 and 1982) or contingent valuation techniques (Griffin and Mjelda, 2000); Howe and Smith, 1994).

According to Rakodi (2000) the economically optimal water supply reliability will be such that the marginal cost of increased reliability equals the marginal cost of increased shortage. Tyran (2000) believes that providing decision makers with probabilistic valuation based on willingness to pay is the key answer to Mc Phail's (1993) concerns about reliability costs. If

the cost of reliability enhancement project (recycling, extra transfers) is below the consumer's willingness to pay, the project is economically viable.

2.4 Ability to pay

It is the desire of most Governments and water utility companies to provide clean, safe and affordable water to its people which meet the Millennium development goals. As an organization or water planners plan for their capital works, it is very important to carry out assessment on the worthiness of the project that is the financial and economic viability. For the water bodies / sector to be sustained, the ability and willingness of the customers to pay their bills is very important.

Ability to pay could be related to the behavior of non-paying customer who gets disconnected, he / she fail to get reconnected back to the system network (Winpenny, 1994). Ability to pay is an economic term which refers to the amount of money a person has to enable him buy or pay for goods and services. Low income earners are said to have low ability to pay than the middle income earners. It focuses not on whether customers will pay for water services but whether consumers can pay (EPA 2000). Instead of confining the meaning to income functions, EPA (1998) add that ability to pay is also a function of both water costs and the price of water and sewerage services. Thus water and sewerage services can be made more affordable by reducing the cost of the service delivery and or increasing the ability of users through price reduction.

A widely held view in the water sector is that water in many areas worldwide had been traditionally under priced compared to other utilities like telephone and electricity (EPA, 2000). Using the economic theory of demand, one would expect lower price to lead increased

affordability, but this is not the case in the water sector. Several authors like (Rakodi, 2000 & Kim, 1998) have argued that public perceptions and attitudes about water issues make some water users including those with adequate income unwilling to pay water and wastewater bills.

A review of the global situation reveals that most urban households in developing countries can afford to pay for improved services provided appropriate technologies and delivery mechanisms are used (World Bank, 1994). People are already spending large amount of time and energy in collecting water, the issue is whether it can be done at a lower cost (Churchill et al 1987).

However, recent studies on privatization of water in Great Britain and Northern Ireland criticize the arguments and blame its authors for not being close to the urban water users in developing countries. It argues that, the ability to pay is increasingly becoming a major concern to both water managers and development partners. For example, a significant portion of the world's population is suffering due to lack of access to affordable fresh water supplies and sanitation facilities. Water related diseases accounts for over 80% of illness and death in developing countries due to inability to meet water rates (World Bank, 1994).

Rakodi (2000) observes that many consumers in urban areas are not connected to a formal water supply or sewerage network. In Kampala for example, though the service coverage is about 75%, only about 50% of the people in the service area are connected to the system. The new connection fee of 59,000= is in many cases claimed to be on a higher side though the corporation provides for all the materials within 50 meters to the service line.

Halpern, Walker, Ordonezer and Serrano (2000) do not believe this. Evidence from contingent valuation studies in a relatively large number of countries shows that many people are able to pay. Consumers are able to pay prices higher than the prices charged by formal water utilities in return for better quality services. What negates peoples' ability to pay lies in the quality of services provided by National Water and Sewerage Corporation. The reality is that in many third world countries, the services offered are very poor and unreliable example in Ntinda, Kulambiro, Bwaise, Lubowa, Ndejje and Namasuba areas in Kampala that have become "dry areas".

As a result, connected consumers may rely on alternative supplies in addition to formal service and incurred costs above payments to the utility (Harvey, 1993). This view is also supported by Rakodi (2000). Water users in urban areas are looking for a certain level of service in terms of reliability of supply, quality of both drinking and bathing water, fair and reasonable tariff structures. Wide spread willingness to pay is unlikely to be translated into actual payment unless marked improvements in services and collection procedures are instituted (Rakodi, 2000). Poor urban consumers without formal connections have also revealed willingness to pay for improved service delivery. Many connected consumers are already paying over ten times the utility price to obtain water from vendors (Harvey, 1993).

Kim (1998) revealed that for water planners in developing countries where urbanization and demand for water are growing faster than the weak infrastructure (typical case of Kampala right now), the revenue generated through purchase of water equates to the cost of developing a public utility. Most customers of water utilities in developing countries find problems in paying water bills because they do not have enough savings or loan facilities.

Billing in KW is done at the end of every month and yet for majority of its customers, their daily purchases are done on spot, cash transactions. Consequently, the water utilities companies are faced with very poor customers response rate in terms of payment because they are not able to collect all their monthly billings because of poor saving culture or nothing to save at all. The recovery cost in water infrastructure is a major concern for all government.

The literature on water provides numerous indicators used in ability to pay assessment. These include ratio of water user's charged to income, income (weighted by the cost of living), employment levels and percentage of rate shock (EPA, 1998, Rakodi 2000). World Bank (1994) believes that the best measure of ability to pay is the percentage income spent on food. This is because expenditures on food take a big percentage of people income in urban centers. Customers who spend 70% of their disposable income on food are absolutely poor, hence if the average spending on food approximates 70%, there is likely to be a problem of inability to pay for water and sewerage services.

According to the World Bank (1994), the maximum affordable level of combined water and sewerage services is often based on the rule of the thumb that the average payment for these services should not exceed 4% of the average household income. Furthermore, there may be simultaneous increase in household expenditures like telephone and electricity. In this case, even 4% threshold may represent an acceptable burden (Whittington, 1998).

Winpency (1994) criticizes such as a broad approach to assessing levels of ability to pay not least because it does not allow for varying values of water through space and time.



Rogerson (1997) argues that such inaccurate pricing levels for water often result in failure of many customers to pay water bills leading to accumulation of arrears that customers are unable to pay.

2.5 Revenue collection

For any successful business undertaking, revenue collection performance should be a key performance indicator, because without adequate revenue a business will definitely collapse. Revenue therefore, determines the success and survival of a business or organization. Revenue is the gross inflow of economic benefits during the period arising in the course of ordinary activities of an enterprise when those inflows result in increases in equity, other than increases relating to contribution from equity participants (IFRS 2006 pp 1000 – 1001).

Revenue is the price of goods and services sold during a given accounting period. Earning revenue causes owner's equity to increase. When a business renders services or sells merchandise to its customers from the customer (Meigs, Better, 1999. P95). Revenue determines the success and survival of a business, which is profitability and liquidity (Peel & Wilson, 1996; Karger & Blunenthal, (1994). In the water sector, it refers to the actual revenue that is collected out of the planned (billed) revenue during a particular period of time (NWSC, 1999).-

In the water industry, a major strategic issue affecting revenue collection is the pricing strategy. How much to charge, what basis of pricing, who should collect payments, when and how should payment be made and should price be communicated. According to Rakodi (2000) water tariff is a very sensitive area which can influence customer's level and

willingness backed by the ability to pay. If an increase in price is not packaged properly, it can cause unwillingness to pay for the service or choosing alternative source. World Bank (1994) noted that many water utilities providers in developing countries are facing it difficult in collecting enough revenue for the billed water and sewerage. In Kampala Water the collection efficiency in most months is about 80% with customers' response rate of 50%.

Altaf and Hughes (1994) observed that low level of revenue collection seem to lie in the social distance between planners and water users. Revenue collection is often insufficient to cover the cost of operation and maintenance and as such vital improvement say in the network cannot be handled leading to poor service delivery that customers are unwilling to pay for. Van Horne (1995) and Pandey (1995) observed that not all customers will pay their bills in time; others are slow payer while others are non payers.

The corporation therefore, needs to make sure that the debt age of customers do not go beyond two months and should monitor the customer's response rate and collection efficiency in order to contain arrears growth. Monthly, short massaging services (sms), payment reminders and consistency in follow up keep customers alert and have water bill included in their monthly expenditures.

Kim (1998) and Briscoe (1997) attribute poor or insufficient revenue collection to weak financial management of water utilities. There is need to carry out feasibility study on the nature of the customers you are going to deal with. Kampala Water has very complex customers who are in some cases difficult to handle and very complicated to deal with. There is now an urgent need to have all customers go pre-paid instead of post payment system that is currently in place.

World Bank (1997) argues that the way water utilities bill for consumption sometimes makes payment very difficult. Rakodi (2000) argues that resorting to secondary measures like disconnecting delinquent customers is not a sustainable solution. Disconnected customers always resort to buying from the vendors, and in some cases resort to illegal water use.

If good collection strategies are put in place earlier, customers debt age are reduced to two months, consistence in follow up is maintained, Water Raving Fans created, and appropriate measure put in place for constant supply reliability, a lot more customers will be able to pay their bills willingly.

CHAPTER THREE

RESEACH METHODOLOGY

3.1 Introduction

This section highlights the research design that was used, area of the study, population of the study, sample selection of 100 respondents, data collection methods, procedure of data processing and analysis.

3.2 Research Design

The study adopted a descriptive research survey using both qualitative and quantitative approaches so as to generate data from a wide range of respondents who are staff and customers of Water in Kampala. It emphasized on credit management and customers' willingness to settle water bills.

Both qualitative and quantitative approaches were adopted to enable the researcher get relevant information concerning the management of credits and customers' willingness to settle water bills on demand. The qualitative methods were used to get the information from the respondents while the quantitative methods were analytically used to investigate peoples' ideas and perceptions concerning management of credits and customers' willingness to settle water bills on demand in National Water and Sewerage Corporation.

3.3 Research Environment

The study was carried out in Kampala Water branch offices and head office because of suitability and good location. This was specifically because of the poor rate of credit

management and customers' willingness to settle water bills which gap the researcher is aiming to bridge.

3.4 Study population

The study population constituted members of the staff of NWSC and consumers of water and sewerage services. This was because such categories of people were believed to be knowledgeable and conversant about management of credits and customers' willingness to pay water bills on demand.

3.5 Selection of water branches

A total of five water branches in Kampala area were selected for the study basing on favorable environment and conditions for the researcher.

3.6 Sample size

The targeted sample size of 100 respondents was selected at random for the study by the researcher. From NWSC 60 respondents and customers were 40.

3.7 Research Instruments for data collection

3.7.1 Primary and Secondary data

Both primary and secondary data were collected. The study began by a library research. A number of relevant textbooks, reports, journals, new papers, magazines, periodicals, on line surfing (internet) and other relevant official documents were reviewed. Collection of the primary data involved the use of the following instruments.

3.7.2 Research Revised Questionnaire

The questionnaire comprised of both structured and unstructured questions were distributed and filled in by the respondents. All the questionnaires were returned dully answered. Apart from the instruments used the researcher also used other methods capture supplementary data from the respondents. The methods included interviews, consultations and observations.

3.8.1 Validity of the Instruments

In order to test and improve the validity of the questionnaire, the researcher availed the first draft to colleagues doing the same course and later to some lecturers. They were presented for proof reading and ascertaining clarity, comments from colleagues, relevancy, and comprehensiveness of the content and length of the questionnaire. The researcher thereafter made adjustments in respect to the comments raised and with the supervisor's advice.

Furthermore, two experts in the field of research were consulted and requested to look at each item and judge whether it was: 1-Not relevant, 2- Somewhat relevant, 3- Quite relevant or 4- Very relevant. The researcher then put the items in 2 categories with 1 and 2 in one category and 3 and 4 in another category. The researcher went ahead to calculate a Content Validity Index (CVI) using the formula below.

$$\text{CVI} = \frac{\text{Items rated quite relevant/very relevant by both rates (3 or 4)}}{\text{Total number of items in the questionnaire}}$$

The CVI for all the instruments (0.88 for the questionnaire and 0.70 for the interview guide) were calculated and found within the statistical accepted range of $0 \leq 1$ this portrays that the instruments were valid. Details of calculations are presented in Appendix IV.

3.8.2 Reliability of the Instruments

In order to establish the reliability of the instruments, the researcher conducted a sectional study from NWSC. Using the results got the reliability of the instruments was computed using the Cronbach's Alpha Coefficient (α) using the formula below.

$$\alpha = \frac{K}{K-1} \left(1 - \frac{\sum SD_i^2}{SD_t^2} \right)$$

Where K= Number of items in the questionnaire

SD_i^2 = Standard deviation squared (Variance) for each individual item

SD_t^2 = Variance for the total items in the questionnaire

The α calculated was established at 0.98, a value that was within the accepted statistical range of $0 < \alpha \leq 1$. The results confirm that instruments used were reliable, details of calculations in Appendix V.

3.9 Data Collection Procedure

A letter obtained from the Director of Post Graduate Studies Kampala International University (KIU) to introduce the researcher to the staff of NWSC and the customer categories selected for the study. The researcher with the help of research assistants successfully collected data from the respondents.

3.10 Data Processing and analysis

The responses of the subjects were categorized in frequency counts and score tables with varying percentages calculated. Interpretations and drawing of inferences was done depending on the number of occurrences of each item.

Responses from 100 respondents interviewed were analyzed. This involved the narrative and mathematical perspectives in form of tables. The analysis and processing dwelt on credit management and customers' willingness to settle water bills. Finally a correlation between the two was drawn in tabular form too.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF DATA

4.1 Introduction

This chapter presents the study findings, analysis and interpretations of the data. The summary, analysis and interpretation of the data are based on credit management and customers' willingness to settle water bills. The respondents were 100, from NWSC 60 and from customers 40.

4.2. Credit Management

According to the research findings from the field on credit management in the corporation in terms of percentages revealed the following results: 50% (23 respondents), 65% (17 respondents), above 65% (11 respondents), 30% (7 respondents) and 1% (2 respondents). For clarity and easy understanding the results are tabulated in table one.

TABLE: 1. Credit Management

<i>Response</i>	<i>Frequency</i>
At a rate of 50%	23
At a rate of 65%	17
At a rate of 65% and above	11
At a rate of 30%	7
At a rate of 1%	2
Totals 100	60

According to the table above majority of the respondents said that credit management is rated at 50% (23 respondents). While on the other hand, the lowest findings stated 1% (2) respondents, this shows that the management of credits is poor. However, the majority confirms that the management of credits (50%) is on average which is not bad but also not a favorable situation for any corporation to strive for and consolidate her sustainable growth and economic development. Therefore, this demand a lot from management team to improve on the way credits are managed and strategize it at enhancing customers' willingness to settle water bills.

4.3. Participation in handling matters concerning credit management

The respondents were requested to state whether they participate in handling matters concerning management of credits. The majority of the elicited responses 32 of 60 revealed that they were always participating in handling matters concerning management of credits. Other few responses 4 of 60 portrayed that they never participate in handling matters concerning management of credits in NWSC. It can therefore, be observed that the presence of few respondents who revealed that they were not taking part, points out the fact that the handling of matters concerning management of credits is not fully participatory but to some extent the top management tend to deal with the matters in isolation which somehow affects the effectiveness of the field and junior staff who encounters daily interface with customers. And this affects customers' willingness to settle their bills on time.

4.4. Good credit management can be enhanced by motivated staff

In bid to evaluate the good management of credits and how it can be enhanced by motivated staff, findings were got from the respondents 34 of 60; remarked that good facilitation and appreciation can promote good credit management in the corporation, which will also improve customers' willingness to settle water bills.

Alternatively, an observation on the on the few respondents unveils that not only motivation by rewarding the staffs with incentives and accommodation can bring about good management of credits but a look at other ways of motivation can raise further their morale (intrinsic drive to perform highly) to manage credits more faithfully and responsibly all in favour of the corporation to achieve her corporate objectives.

Furthermore, to attain good management of credits and customers willingness to settle bills, best and qualified management team is to be deployed by the corporation. This will drive the corporation to maximum credit collection a noble target for its sustainable success and development.

4.5. Customers' willingness to settle water bills

This variable of the study was guided by the research question, which stated that **“How do you rate the handling of customers in National Water and Sewerage Corporation”** This aimed at establishing a foundation for the study, for the rest of the questions depended on the participation of the staff of NWSC in credit management and customers' willingness to settle water bills on demand. The elicited responses from the respondents were presented basing on an assessment guide whereby Excellent is rated at 9, very high: 7, High: 6, Low: 3 and Very low: 1. out of the 60 respondents 23, (38%) revealed that customer care and handling is very

high. The lowest findings: 4 (6%) showed that customer handling is low. Full details of the findings are tabulated in Table one for elaborate illustration.

TABLE: 2. Customers willingness

Response	Frequency	Percentage
<i>Excellent</i>	11	18%
<i>Very high</i>	15	25%
<i>High</i>	23	38%
<i>Low</i>	4	6%
<i>Very low</i>	7	13%
Totals	60	100%

It can be observed from the table that majority of the respondents 23 (38%) revealed that customer handling is high in NWSC. On the other hand, the lowest response from the respondents 4 (6%) indicating that customer handling in NWSC is low. It was observed by the researcher that all the staffs of NWSC work hand in hand; in team spirit “*e spirit de corps*” on credit management following the corporate set policies, guidelines and procedures to enhance customers’ willingness to settle water bills. However, there was a strong conviction that indisciplined staff affected the attitude and perception of customers towards settling water bills on demand with in the expected time lag.

Respondents were further requested to state the rate of customers’ willingness to pay. This also kept note of the ideal contents of credit management policies, guide lines, procedures and customer care in NWSC. The question therefore, aimed at evaluating the authenticity of

customer care and their willingness to pay water bills. The elicited responses showed that majority of the respondents revealed that customers' willingness to pay water bills is low. The high frequencies showing that the customers willingness to pay water bills is low has a great effect on the margin of credit collection in National Water and Sewerage Corporation which consequently retards smooth running of the activities of the corporation; most importantly the delivering of fast and modern water and sewerage services to her esteemed customers.

On the other hand, it ought to be noted that with an effective credit management, in a manner deemed of bringing about quality water and sewerage services to customers to a greater extent would improve the willingness of customers to pay water bills as they fall due with in the stipulated time and period. However, this can only take place if the beneficiaries appreciate and acknowledge that the services offered by the corporation are worth praising and worth the value for money on demand on water bills.

4.6. Ignoring customers' complaints can not affect the targeted revenue

After establishing the extent to which the staffs of NWSC were taking part in the process handling of matters concerning management of credits the study embarked on finding out whether ignoring customers' complaints can not affect the targeted revenue collection in the corporation. The elicited majority responses 37 of 60 showed that Ignoring customers' complaints can greatly affect credit management which consequently reduces the targeted revenue collection in the corporation. This actually implies that listening and addressing customers' complaints enhances good relationships between the customers and NWSC that will improve customers' willingness to settle water bills on demand. This automatically can lead to the targeted and planned revenue collection. Therefore, NWSC can succeed successfully in meeting her corporate objective of supplying and delivering quality and

modern services to customers by giving a golden priority to their complaints and contributions.

4.7. Customers' willingness to pay water bills can be influenced by attending to them and solving their problems

The respondents were further subjected to evaluate, assess and put forward their understanding and opinion about the statement: Customers' willingness to pay water bills can be influenced by attending to them and solving their problems. Majority of the elicited responses; 57 of 60 said that it is true to listen attentively all the complaints of customers and come out with appropriate solutions that will keep customers committed to settle water bills. This can be affected by responding quickly to customers' calls and demand for services, such a situation creates good understanding and harmony between the corporation and customers.

4.8. Section D: Achieving, reproducing and meaning orientation pertaining management of credits and customers' willingness to pay water bills on demand

In section D the study also laboured to establish achieving, reproducing and meaning orientations by tasking the respondents with a number of statements on the basis of: strongly agree, agree undecided, disagree and strongly disagree.

4.8.1. Meaning orientation statements

Basing on the orientation statements posed to respondents on the way credits are managed and the possible influence it has on customers' willingness to pay water bills raised various responses. The generated responses reveal that the meaning orientation statements can not enhance customers' willingness to settle water bills. Majority disagreed with the meaning statements; this therefore, reveals that the corporation should improve on the strategies

employed in credit management. However, if the corporation fails to improve on the way credits are managed, customers' willingness to pay will be discouraged.

4.8.2. Reproducing orientation statements

Applying orientation statements the respondents were also requested to give their opinions on the way credits are managed and the influence it has on customers' willingness to pay water bills on demand. The generated responses are presented showed that majority of the responses from the interviewed respondents agree with the statements although few strongly disagreed with statements. According to the reproducing orientation statements, credit management can be maximized and customers' willingness enhanced to settle waters. This is very vital for the corporation to strive for in order sustain quality services to customers.

4.8.3. Achieving orientation statements

According to the orientation statements asked the respondents were also requested to give their opinions on the way credits are managed and the influence it has on customers' willingness to pay water bills. The elicited responses from the achieving orientation statements portrayed that majority of the respondents strongly agree. It is therefore, important that good management of credits positively affect customers' willingness to settle water bills. However, poor management of credits results into a situation where customers will be reserved to settle water bills immediately.

4.9. Section E: Achieving, reproducing and meaning orientation pertaining management of credits and customers' willingness to pay water bills on demand

In section E the study also laboured to establish achieving, reproducing and meaning orientations by tasking the respondents with a number of statements on the basis of: strongly agree, agree undecided, disagree and strongly disagree.

4.9.1. Meaning orientation statements

Basing on the orientation statements paused to the respondents on the way credits are managed and the possible influence it has on customers' willingness to pay water bills raised various responses. The generated responses majority disagree with the statements which mean that the meaning orientation statements affect credit management and customers' willingness to settle water bills negatively. However, the credit management can be improved if the NWSC orientate management towards encouraging customers' willingness to settle their water bills promptly

4.9.2. Reproducing orientation statements

Applying reproducing statements, the respondents were also requested to give their opinions on the way credits are managed and the influence it has on customers' willingness to pay water bills. The majority of the generated responses agree with the statements which means that the management of credits and customers' willingness to settle water bills is not bad and improvement can done and attained with time.

4.9.3. Achieving orientation statements

According to the Achieving orientation statements asked the respondents were also requested to give their opinions on the way credits are managed and the influence it has on customers' willingness to pay water bills. The elicited responses strongly agree with the statement an indicator that credit management is good and customers' willingness to settle water bills is positive. Therefore, the corporation can utilize the opportunity to maximize credit collections and consolidate her principle of offering quality services to the customers.

4.10. Section F: Achieving, reproducing and meaning orientation pertaining management of credits and customers' willingness to pay water bills.

In section E the study focused further to establish the achieving, reproducing and meaning orientations by tasking the respondents with a number of statements on the basis of: strongly agree, agree, undecided, disagree and strongly disagree.

4.10.1. Achieving orientation statements

Basing on the achieving orientation statements paused to the respondents on the way credits are managed and the possible influence it has on customers' willingness to pay water bills raised various responses. The raised responses revealed that the achieving orientation statements are in line with the good management of credits and in favour of encouraging customers to settle water bills in time.

4.10.2. Reproducing orientation statements

Applying orientation statements the respondents were also requested to give their opinions on the way credits are managed and the influence it has on customers' willingness to pay water bills. Majority of the respondents agree with reproducing orientation statements that the

management of credits is fair and customers' willingness to settle water bills is promising. This therefore, creates a push step for the corporation to promote good credit management which consequently motivates customers to settle waters with out much strain.

The generated responses are presented in table 14 below.

4.10.3. Meaning orientation statements

According to the meaning orientation statements asked the respondents were also requested to give their opinions on the way credits are managed and the influence it has on customers' willingness to pay water bills on demand. The elicited responses strongly agreed with meaning orientation statements that credit management plays a great role on the way customers behave when served with water bills. So it very important to manage credits very well in order to enhance customers willingness to settle water bills.

4.11. Section G: Achieving, reproducing and meaning orientation pertaining credit management and customers' willingness to pay water bills on demand

In section G the study also laboured to establish achieving, reproducing and meaning orientations by tasking the respondents with a number of statements on the basis of: agree, strongly agree, undecided, disagree and strongly disagree.

4.11.1. Meaning orientation statements

Basing on the meaning orientation statements given to the respondents to state their position on the way credits are managed and the possible influence it has on customers' willingness to pay water bills, the generated responses strongly agreed that the meaning orientation statements support proper credit management. Thus, when credits are managed well the

customers' willingness will also be high which will enable NWSC to collect the targeted credits.

4.11.2. Reproducing orientation statements

Applying the reproducing orientation statements respondents were requested to give their opinions on the way credits are managed and the influence it has on customers' willingness to pay water bills. Different responses came out but majority disagreed with the reproducing statements meaning that they have no influence on credit management and customers' willingness to settle water bills. Thus, such can not affect the management of credits and customers' willingness to pay water bills.

4.11.3. Achieving orientation statements

According to the achieving orientation statements respondents were asked to give their opinions on the way credits are managed and the influence it has on customers' willingness to pay water bills of National and Sewerage Corporation. The elicited responses strongly agreed that the statements are focused at improving credit management and customers' willingness to settle water bills. Consequently this creates a challenge for NWSC to always advance pursuits of good credit management that encourage customers' willingness to settle water bills with the stipulated time.

4.12. Section H: Achieving, reproducing and meaning orientation pertaining credit management and customers' willingness to pay water bills.

In section H the research findings from the study captured from the respondents focused to establish achieving, reproducing and meaning orientations by tasking the respondents with a

number of statements on the assessment basis of: strongly agree, agree, undecided, disagree and strongly disagree.

4.12.1. Meaning orientation statements

Basing on the meaning orientation statements paused for the respondents on the way credits are managed and the possible influence it has on customers' willingness to pay water bills raised various responses. The generated responses agreed with statements that credit management should be done well because it has a serious impact on customers' willingness to settle water bills. However, if the management is not done well credit collections will be low caused by customers' poor willingness to settle water bills timely.

4.12.2. Reproducing orientation statements

Applying the reproducing orientation statements furthermore, the respondents were requested to give their opinions on the way credits are managed and the influence it has on customers' willingness to pay water bills of NWSC. Various responses were given whereby majority of the respondents agreed with the statements. This means that the corporation should always continue promoting good credit management that encourages customers' willingness to settle water bills within the time lag.

4.12.3. Achieving orientation statements

According to the achieving orientation statements asked the respondents were also requested to give their opinions on the way credits are managed and the influence it has on customers' willingness to pay water bills on demand. Majority of the respondents strongly agreed with the achieving orientation statements. This therefore, portrays that customers' willingness to settle water bills is much influenced by the way credits are managed in an organization or business enterprise.

4.13. Five ways for improving customers' willingness to pay water bills

Respondents were requested to state five ways for improving customers' willingness to pay water bills. The elicited responses from different respondents included: delivery of bills in time, provision of constant services, sensitization of customers, maintaining accurate bills and good customer care. The five ways clearly stand out to be adopted and practiced basically to bring about good credit management and encouraging customers willingness to settle water bills in time. However, ignoring of the five ways may cause poor management of credits and poor customers' willingness to clear water bills.

4.14. Other reasons apart from tariff why customers do not pay water bills regularly

According to the findings from the study the researcher generated various reasons from respondents. The elicited responses were: stubbornness of customers to pay in time, reluctance by NWSC to reach customers with right bills, lack of information (bills, where to pay), irregular supply water and services, very small monthly bills that some customers wait for it to accumulate and be a substantial amount, low income by customers, lack of cooperation among all stakeholders, forgetfulness and irresponsibility of NWSC staff, inaccurate bills, long queues in the bank and offices when settling water bills and not priority on budget of some customers.

The reasons can be revisited and streamlined in order to yield good credit management and high customers' willingness to settle water bills. Otherwise, can seriously retard credit collections and customers' willingness to pay water bills in time in NWSC

4.15. What NWSC should do to persuade back disconnected customers?

According to the research question posed to all respondents various findings were generated that proved capable of persuading customers disconnected to be connected back. The asserted factors include the following: wave off debts and arrears demanded from customers, listen customers reasons for not paying within the stipulated time, remove reconnection fee, give a grace period with half pay of the bill in question, introduce deposit payments on reconnection fee, lower reconnection charges to be levied on customers, and immediate reconnection upon payment by the customers. It is therefore, a great challenge to NWSC to adhere seriously and put them into practice for smooth service delivery to her esteemed customers. However, if the reasons are under-rated credit management and customers' willingness to settle water bills will adversely affected.

4.16. What NWSC should do to increase revenue collection?

Further research questions were given to both the staff members and customers of NWSC to assess and suggest possible reasons that could increase revenue collection in the corporation. Many reasons in diversity were put forward, among them include the following:

Give better staff welfare, incentives and rewards

Facilitate the staff with necessary logistics

Regular sensitization and outreach to customers

Supply consistently the services

Introduce a minimum balance and communicate it to encourage customers self analysis

Introduce a standard deposit on all new connections

Improve on customer care

Use prepaid meters

The asserted reasons are very vital for the corporation to enhance her services to the customers. Thus, their application and implementation can bring about modern and quality services expected from the consumers.

4.17. Preferred customers' class / category

The findings from the study showed that the preferred classes of customers are domestic and commercial customers. Majority of the respondents preferred commercial customers because they use a lot of water and pay their bills at once in lump sum. While on the other hand domestic customers use little water and fail to pay all their bills in time. This is not favourable for NWSC because it cripples the smooth flow activities within and outside the corporation.

4. 18. Reasons why domestic and commercial classes of customers are specifically preferred

From the research findings in the field the respondents came out with further reasons why they prefer domestic class of customers in particular; the reasons include:

They pay their bills on demand

Willingly they listen and easily understand any explanation given

For decision making

Alternatively, the some respondents put forward reasons why they also prefer commercial class of customers. The propounded reasons are as follows;

They pay their bills in timely

They use much water

They value NWSC services

4.19. Other relevant information on management of credits and customers' willingness to settle bills on demand in NWSC Kampala water

The researcher gathered a lot of information from the respondent interviewed during the course the study. The elicited responses among others include the following:

Organizational / institutional politics always demotivates staff which finally affects NWSC

There is still a need for the management to appreciate what the staffs are doing most especially at branch levels

To achieve the millennium goal water should be subsidized to a flat rate for everybody to afford with ease.

Transparency in rewards and promotion has a positive bearing on performance and management should value it seriously

Like banks job rotation based on qualification either annually or after two should be encouraged to embrace various skills and knowledge in accounts, stores, commercial

Cutting staff incentives does not necessarily result into good performance, instead other issues should be opted like lobbying from the Government to increase on their releases, be strict on commercial and domestic collections, resolve complaints that affect billing in time.



4. 20. Correlation between credit management and customers' willingness to settle water bills rated in percentages.

In accordance to the findings captured by the researcher showed that there is a close relationship between credit management and customers' willingness to settle water bills of NWSC. The relationship is established by using the parameters of good, fair and poor, the correlation is presented in a tabular form in table 3 below.

TABLE: 3. Correlation between credit management and customers' willingness

<i>Response</i>	<i>Credit Management</i>	<i>Customers' willingness</i>
<i>Good</i>	70%	50%
<i>Fair</i>	20%	30%
<i>Poor</i>	10%	20%
Totals	100%	100%

In the table above the correlation between credit management and customers' willingness to settle bills shows that the influence of good credit management (70%) has got a close relationship on customers' willingness to settle water bills; fair (50%). this means that customers' willingness to be enhanced requires more information, awareness and sensitizations on the services of National Water and Sewerage Corporation, their participation, roles and obligations to pay for the services received and enjoyed within the stated time lag.

CHAPTER FIVE

SUMMARY, FINDINGS AND RECOMMENDATIONS

5.1. Introduction

In chapter four, an attempt is made to present the study findings. In this chapter, the study findings are discussed and this is done in accordance with the objectives and research questions of the study. Finally, areas for further research are suggested.

5.2 Summary

5.2.1 Management of credits and customers' willingness to settle water bills in NWSC

The study findings revealed that the credit management has a substantial influence on customers' willingness to pay water bills in NWSC Kampala water. A great percentage of the respondents elicited responses that acknowledged the influence of the nature of management, decision making process and implementation of such decisions as far as credit management is concerned in the corporation. Such decisions may include matters concerning credit policies, procedures, guidelines, monitoring and evaluation.

5.2.2. Listening and addressing customers complaints in NWSC

Furthermore, the discussions generated from the study findings emphasize on customer care, listening and handling, specifically to influence their attitudes and willingness to pay water bills is a tactical strategy to be employed. The concern, customer care and handling was remarked by many respondents which makes it crucial for NWSC to practice in order to win the hearts of customers that will boost the margin of credit collections.

5.2.3. Provision of accommodation and other incentives to staffs of NWSC

The study findings revealed that the provision of accommodation and other incentives plus allowances can play a great role in motivating the working force in the corporation. It is on record well motivated employees are very productive in terms of production of goods and services. Utmost well motivated staffs distances themselves from corruption, nepotism, favoritism, individualism, inconsistency and any other “isms” basically to protect their jobs, integrity and confidence from the public to whom they are accountable for the smooth running of NWSC activities.

5.2.4. Recruitment of right and best credit management staffs of NWSC

In accordance to the research findings by the researcher on the above guiding subject, following the normal procedures recruitment can yield the best desired personnel to steer the corporation to its zenith. The deployment of qualified best staffs strategically has the capacity to meet objectives of the corporation. Applied professionalism has the potential to manage well the assigned duties of which management of credits and customers’ willingness to settle water bills will be prioritized number one on list. Good management of credits means that the revenue margin of NWSC will be maximized to the targeted figures.

5.3. Conclusions

In view of the study findings, the following conclusions were made:

The management style and approach of credits has a significant influence on customers’ willingness to settle water bills on demand in NWSC .

In planning and implementation of management credits and entire activities of NWSC full participatory approach is the appropriate strategy to build self belonging and confidence among the staff members especially the field staff who interface with customers frequently to perform at the best in terms numbers and total quality management.

To enhance customers' willingness to pay waters promptly the decision makers ought consult customers and stakeholders in form education, awareness and sensitization about the activities of NWSC, her mission and vision statements and on the other hand their duties and obligations towards NWSC in return for the services enjoyed.

In my own perspective, the management policies should be subjected to adjustment whenever deemed necessary, because the demands from customers are dynamic. Therefore, to accommodate them in the most convincing manner to pay their bills in is to listen and consider their side as issues unfolds seeking for solutions.

Another lesson learnt is that management should be able to listen to the staff and appreciated their effort especially the field, the lower and middle staff who have more interface with the customers. In this way, grievances that can lead to connivance between staff and customers can easily be ironed out.

There is also need to set credit limits to the different categories of customers to avoid over accumulation of debts that customers find it difficult to pay. 70% of the customers are domestic customers who normally have no budget for water and are bound to default as long as the bill goes beyond a certain limit

5.4. Recommendations

Basing on the study findings, the following recommendations were captured from the respondents.

Organizational / institutional politics always demotivates staff which finally affects NWSC so should be vehemently discouraged to safeguard and promote the mission and vision statement of the corporation.

There is still a great need for the management to appreciate and recognize what the staffs are doing most especially at branch levels because the art of belonging and confidence will be encouraged.

To achieve the millennium goal water should be subsidized to a flat rate for everybody to afford with ease and convenience.

Transparency in rewards and promotion has a positive bearing on performance and management should value it seriously when there need for promotions when there need for promotions.

Like banks job rotation based on qualification either annually or after two should be encouraged to embrace various skills and knowledge in accounts, stores, commercial and other departments in the corporation.

Cutting staff incentives may not necessarily result into good performance, instead other issues should be opted like lobbying from the Government to increase on their releases /

subsidies, be strict on commercial and domestic collections, and resolve complaints that affect billing in time.

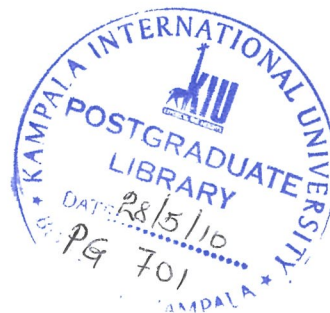
5.5 Areas for further research

In view of the study findings, the following areas for further research were suggested:

Research study can be done to find out further the effect / influence of management of credits and customers' willingness to settle water bills within the stipulated time and period.

A Research study should also be done to evaluate customers' attitude towards settling water bills.

A Research study can be done to establish the possible policy alternatives that can help in credit management and customer care.



REFERENCES

Amin, M. (2005). Social Science Research: Conception, Methodology and Analysis.
Kampala: Makerere University

Altfa, M, and Hughes, M (1994). Measuring the demand for improved urban sanitation services: Results of a contingent valuation study in Ouagadougou, Bukina Faso

Asian Development Bank, (1997) Second Water Utilities Data Book: Asia and Pacific Region,
pp 14-19.

Balogan,M.J. (1998) Managing change: Surmounting Customer Orientation Obstacles in
Supplier-dominated markets. Paoer to the commonwealth Association of Public
Administration and Management, pp 17^o - 92

Briscoe,(1997).Managing Water as an Economic Good. InKay, M. Franks, T; and Smith
(1997) Water Economics Management and Development, E & FN Spon, Suffolk, pp 16-32..

Carklins,P, Lurue, B, Ve'zina, M (2000). Willingness to pay for Drinking Water in Sahara:
Case of Douentza, pp 25-79

DEPA, Danish Protection Agency, (1998).Providing Water Planners with user's Affordability
criteria pp 107 -118.

EPA,(Environmental Protection Agency) (1993). Affordability of the 1986 SDWA, PP 69-85

EPA,(Environmental Protection Agency) (1993). Combined Sewer Overflow Financial
Capability Assessment Guidebook, pp 22- 46

EPA, (Environmental Protection Agency) (1998). Information for statistics on Developing Affordability Criteria for Drinking Water, paper no.3 pp 13 – 42

Graffin R.C and Mjelda.J.W (2000) “Valuing Water Supply Reliability.” Volume 82 American journal of Agricultural Economics pp 414.

Harvey,A . Garn (1993). Pricing and Demand Management. A Theme Paper on Managing Water Resources to Meet Minacity Needs, Word Bank Report, pp 3-24.

Hoagland, R (1998) Statewide and regional urban water management planning using the least cost planning simulation model (LCPSIM) pp 13-18

Howe,C.W,and M.G. Smith (1994), The Value of Water Supply Reliability in Urban Water Systems. Environmental Economics and Management journal, Vol. 26 No. 13

Howe,C,W and M,G, Smith (1993) incorporating Public Preferences in Planning Urban Water Supply Reliability. Water resources research vol. 29 No. 10

Kim,L (1998). Willingness to Pay for Water at the Household Level. Individual financial responsibility for water consumption. Water issues study group school of oriental African Studies (SOAS) University of London pp 3-92

International Financial Reporting Standards (2006), Framework for Preparation and Presentation of Financial Statement. pp 1000 – 1001

Lund J.R. (1995) Derived estimation of willingness to pay to avoid probabilistic shortage. Water Resource Research Journal, vol. 31, No. 5 pp 65- 70

Mc Combs, M. (1994) News influences on our pictures of the world. In Bryant and Zillman Media effects. Advances in Theory and Research (Hillsdale, NJ, Lawrence Erlbaum.

Miller, M (1993) The Difficulties and Promise of Interagency Public Information Campaign for Water Quality Issues. Water science and technology. Vol. 28 pp 66-68.

Montes de Oca, Tinch, Moffat (2003). Assessing the willingness to pay for Maintained and Improved Water Supplies in Mexico City, School of Environment Science and University of East Anglia, pp 8-85.

Mutizwa- Mangiza, D (1997). The opinions of Health and Water Services Users in Zimbabwe. The Role of Government in Adjusting Economics, paper 24, University of Birmingham, pp 12-40..

Meigs William, Haka Better, (1999). International Edition Accounting, USA: McGraw- Hill Cos, inc, 11th edition

NWSC (2009) Review of monthly performance September 08 to February 09

Pat Gray 1998 – Rebuilding Trust, unpublished paper for Nexus seminar in Luton university

Prakash, B.A (1994). Kerala's Economy, Performance, Problems, Prospects, Saga Publications India Pvt Ltd.

Rakodi, C (2000). Getting the Pipe Laid is One Matter and Getting the Water Flowing through the Pipe is Another, User views on public- water provision in Zimbabwe, Sri Lanka, Ghana and India. Development of City and Regional Planning, pp 11-26.

Rogerson, C (1997). Willingness to pay for water. The international Water debate, pp 373-380.

Roscoe J.T. (1995), Fundamentals of Research Statistics for Behavioral Science. 2nd edition
Hold, Rinehart & Winston Publication Ltd.

Silver Mugisha (2000): Organization Behavior & Performance. Public Private Partnership in a
Water Utility, Uganda

Walker, I, Ordonez. F, Serrano.P and Halpern. J (2000) Portable Water Pricing and the Poor.
Evidence from the Central America on the Distribution of Subsidies and on the Demand to
Improved Services. World Bank working paper pp 17-21.

Wedgwood. A. & Sansom,K. (2003). Willingness to pay surveys. A streamlined approach,
guidance notice for small town services, water engineering and development center,
Loughborough University, pp 14.

Whittington, D(1997).Possible Adverse Effects of Increasing Block Water Tariffs in
Developing Countries. Pp 45-96

Whittington, D, Briscoe, J and MU, X (1988). Willingness to Pay for Water in Rural Areas.
Methodological Approaches and application in Haiti, field report No.213 pp 16-27.

Winpenny, J T (1994). Managing Water as an Economic Resource. Pp 1-11

APPENDIXES

APPENDIX I: LETTER OF INTRODUCTION



KAMPALA
INTERNATIONAL UNIVERSITY

P.O.BOX 20000
KAMPALA- UGANDA.
TEL:-041-266813

**OFFICE OF THE DIRECTOR
SCHOOL OF POSTGRADUATE STUDIES AND RESEARCH**

April 17, 2009

To:
The Human Resource Manager
National water and Sewerage Corporation
P. O Box 7053
KAMPALA.

Dear Sir/Madam,

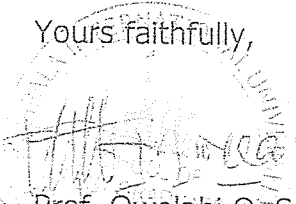
RE: INTRODUCTION FOR ORYEM JOSEPHINE

This is to inform you that the above named is our registered student (MBA/17129/71/DU) in the School of Postgraduate Studies pursuing a Master of Business Administration (MBA-Finance and Accounting).

She has completed her taught Modules and is left with doing research and writing a thesis entitled "Management of Credits and Customers Willingness to settle Water Bills on Demand: An intervention in National Water and Sewerage Corporation; Kampala Water".

Any assistance rendered to her regarding research, will be highly appreciated.

Yours faithfully,


Prof. Owolabi O. Samuel

DIRECTOR-SCHOOL OF POSTGRADUATE STUDIES AND RESEARCH

APPENDIX II: RESEARCH QUESTIONNAIRE

QUESTIONNAIRE ON MANAGEMENT OF CREDITS AND CUSTOMERS WILLINGNESS TO SETTLE WATER BILLS ON DEMAND IN NWSC - KAMPALA WATER

1.0 INTRODUCTION

Dear sir / madam,

I am carrying out a study on management of credits and customers willingness to settle their water bills when they fall due as part of the requirements for the award of Degree of Master of Business Administration (MBA) of Kampala International University- Kampala. You have been selected to participate in the study so as to get a representative picture of the situation in the Corporation. The information you will give will be treated confidentially and will be only be used for the purpose of this study. Kindly provide the requested information by ticking the appropriate answer using the alternatives given.

2.0 Background questions; tick the appropriate alternative. (To be filled by NWSC employees)

Sex of respondent : Female ☐ Male ☐

Age of respondent (years) : a - (18-29) b - (30 - 39) c - (40 - 49) d - (above 49)

Highest level of education attained : O level and below ☐ A level ☐ Degree ☐

Others (specify) ☐

Number of years working 1 - 4 ☐ 5 - 8 ☐ 9 and above ☐

SECTION A - ASSESSING THE MANAGEMENT OF CREDITS?

Assessment guide: Excellent 9

Very High 7

High 6

Low 3

Very Low 1

How do you rate the handling of customers in your organization / company?

Write the appropriate number?

How do you rate customers' attitude and willingness to pay?

SECTION B - DETERMINE THE MANAGEMENT OF CREDITS ON CUSTOMERS WILLINGNESS TO PAY WATER BILLS?

The style and approach of management has an effect on customers' willingness to pay.

Give the rates you think the way credits are managed?

0%

65%

30%

Above 65%

50%

What is your participation in handling matters concerning management of credits in your corporation?

Always ☐ Frequently ☐ Occasional ☐ Never ☐

SECTION C - FINDING THE RELATION BETWEEN MANAGEMENT OF CREDITS AND CUSTOMERS WILLINGNESS TO PAY WATER BILLS

Tick True or False.

Best and qualified management team can be got when the normal procedure of recruitment and staffing is followed?

False ☐ True ☐

Attending and solving customers' problems can influence the attitude and willingness to pay water bills? False ☐ True ☐

SECTION D

Indicate the level of agreement with each of the following statements by ticking the appropriate answer against them using the alternatives below.

(5) – Strongly agree (4) – Agree (3) – Undecided (2) – Disagree (1) – Strongly disagree

	5	4	3	2	1
Office politics in the corporation affects individual performance					
Management consults employees on matter that affect them					

Management communicates with employees on matters that affect them					
There are no formal relationships in the corporation					
Informal relationships within NWSC enhance cooperation among staff					
Informal relationships lead to good performance among staff					
My immediate boss supports me in getting my job done					
My bosses encourages me to speak up when I disagree with a decision					
Staff are always consulted when decision affecting operations are being made					
I can freely interact and share my opinion about the organization with my fellow employees					
I have the opportunity to do a number of things on my job					
I have the freedom to decide what I do on my job					
NWSC does not often review laws that cause hardships to its customers					

SECTION E

Indicate your agreement with the following statements by ticking the appropriate answer using the alternatives below

(5) – Strongly agree (4) – agree (3) – undecided (2) – disagree (1) – strongly disagree

	5	4	3	2	1
--	---	---	---	---	---

Water bills are delivered to all customer premises every month					
Staff personally visit all customers to follow up payment on monthly basis					
Customers immediately pay their bills as soon as they get the invoices					
Customers usually pay their bills monthly					
Customers pay their bill only if the invoice is accurate					
Most customers pay their bills only when they get disconnection warning					
Most customers pay their bills only when they are disconnected					
Our staff arrogance and indifference to customer complaints discourages them from paying their bills					
Poor handling of customers by NWSC staff make customers withhold payment					
Poor customer out reach by staff leads to low revenue collection					
Customers would pay all their bills if they had confidence and trust in NWSC					
Customers would pay all their bills if NWSC shows more commitment to the delivery of good quality service.					
We need to improve our relationship with customers if we are to collect more revenue					
We always carry out disconnections as the last resort					
Disconnections result in high revenue collection					
Disconnections result in withholding of payment and illegal use of					

water					
Our staff contribute to poor revenue collection by not effecting disconnections and participating in illegal reconnections / by-passes					
Use of debt collectors and auctioneers undermine revenue collection					
The introduction of direct debit payments and bank payments will improve revenue collection					

SECTION F

Indicate your agreement with the following statements by ticking the appropriate answer using the alternatives below

(5) – Strongly agree (4) – agree (3) – undecided (2) – disagree (1) – strongly disagree

	5	4	3	2	1
The water & NWSC statutes do not give sufficient powers to NWSC to recover bills					
Government influence affects NWSC performance					
Lack of good alternative source of water make customers pay their bills					
Fear of disconnections make customers pay their water bills					
Inaccuracies in bills make customers withhold payments of their bills					
NWSC uses its monopoly power to force customers to pay bills					
NWSC front desk personnel are empowered to do what they					

perceive as right and fair given the situation and the customer in question					
We give regular feedbacks and compliments to customers for any accomplishments					
NWSC staff empathize with customers and try to make them feel happy					

SECTION G

Indicate your agreement with the following statements by ticking the appropriate answer using the alternatives below

(5) – Strongly agree (4) – agree (3) – undecided (2) – disagree (1) – strongly disagree

	5	4	3	2	1
No matter how feel, I always put myself out for every customer I serve					
I always go out of my way to serve customers					
I really enjoy dealing with customers					
I get a lot of satisfaction from giving good service to customers					
I am willing to put myself out to help the corporation					
In my work, I like to feel I am making some effort not just for myself but for the corporation as well					
To know that my work has made a contribution to the good of the corporation would please me					
In NWSC, good customer service is given high priority					
I feel I have a good understanding of what good customer is all about					

There are basic tools and equipments to fix leaks, bursts and new connections					
Staff handle customers well – treated like kings					
Its everybody's responsibility in NWSC to ensure good service delivery					
Team spirit is exhibited in NWSC					
I always stop doing other things and attend to customers first					

SECTION H

Indicate your agreement with the following statements by ticking the appropriate answer using the alternatives below

(5) – Strongly agree (4) – agree (3) – undecided (2) – disagree (1) – strongly disagree

	5	4	3	2	1
Management at my organization is since in its attempts to meet the workers point of view					
My employer has good intentions and motives for me					
I can expect my employers to treat me in a consistent and predictable manner					
I feel quite confident that the organization will try to treat me fairly					
Our management would be quite prepared to gain advantage by deceiving workers					
I am not sure that I fully trust my employer					

My employer is open and frank with me					
Our management can make sensible decisions for the future of NWSC					
I can rely more on my fellow employees than my employers					
Management in this organization keeps a lot of information to itself					
We always use independent sources to verify most of management assertions					

4. 3. Enumerate five ways you think can enhance / improve customers' willingness to pay water bills on demand?

.....

.....

.....

.....

.....

.....

4.3 List down other reasons, other than tariff, why you think people do not pay their water bills regularly and fully

.....

.....

.....

.....

.....

.....

4.3 In your view, what should NWSC do to persuade back disconnected customers?

.....
.....
.....

4.3 In your view, what should NWSC –KW do to increase revenue collection

.....
.....
.....
.....
.....
.....

4.3 Which customer's class / category do you feel more comfortable with?

.....
.....

4.4 Why are they special?

.....
.....
.....

4. 5. If there is any other information you feel is relevant and necessary to give write it below

.....
.....
.....
.....

Thank you very much for your cooperation

QUESTIONNAIRE ON MANAGEMENT OF CREDITS AND CUSTOMERS WILLINGNESS TO SETTLE WATER BILLS ON DEMAND IN NWSC - KW

2.0 INTRODUCTION

Dear sir / madam,

I am carrying out a study on management of credits and customers willingness to settle their water bills when they fall due as part of the requirements for the award of Degree of Master of Business Administration (MBA) of Kampala International University – Kampala. You have been selected to participate in the study so as to get a representative picture of the situation in the Corporation. The information you will give will be treated confidentially and will be only be used for the purpose of this study. Kindly provide the requested information by ticking the appropriate answer using the alternatives given.

3.0 Background information (To be filled by customers)

Sex of respondent : Female ☐ Male ☐

Age of respondent (years) : a - (18-29) b – (30 – 39) c – (40 – 49) d – (above 49)

Highest level of education attained : O level and below ☐ A level ☐ Degree ☐

Others ☐

Specify.....

None of those ☐

Section A

Indicate the level of agreement with each of the following statements by ticking the appropriate answer against them using the alternatives below.

(5) – Strongly agree (4) – agree (3) – undecided (2) – disagree (1) – strongly disagree

Lack of alternative sources of supply makes me pay my water bills	5	4	3	2	1
Fear of disconnection makes me pay my water bill					
I pay my water bills whenever I am presented with the invoice					
There is usually not enough money to pay for water bills					
Inaccuracies in bills make me withhold payment of my bills					
NWSC uses its monopoly power to force us to pay bills even if they are unreasonable					
Government ministries do not adequately budget for utilities					
Government ministries withhold payment of water bills knowingly					
NWSC staff sympathizes with customers and try to make them happy					
They cannot be disconnected or taken to court for failure to pay in time					
Field staff are friendly and trust worthy					
I get regular feedback from NWSC staff					
NWSC apologizes for any wrong done and provides explanations to what have happened.					
NWSC takes its responsibility for any unfavorable situation and					

solves it					
Adequate notice is always given before disconnections are effected					
It is a social responsibility for the government to provide free water to its citizen					
Water is a gift from God therefore should be free of charge					
The current water rates reflect water user's ability to pay					

SECTION B

Indicate your agreement with the following statements by ticking the appropriate answer using the alternatives below.

(5) – Strongly agree (4) – agree (3) – undecided (4) – disagree

(1) – strongly disagree

Water bills are delivered to my premise every month	5	4	3	2	1
I pay my water bills monthly					
I pay my water bills only if the invoice is accurate					
I pay my water bills even if the invoice is not accurate					
I do not pay my bills if there are unresolved disputes					
NWSC staff arrogance and indifference to our complaints discourages me from paying my water bills					
I pay my bills only when I get a disconnection warning					
I pay my water bill only when am disconnected					

I pay by water bill only when asked by NWSC to do so					
Lack of cooperation by NWSC staff discourages me from paying water bills					
Poor handling of customers by NWSC staff make the customers withhold payment					
I would pay my all my bills if we had confidence and trust in NWSC billing & complaint handling					
I would pay all my bills if NWSC shows more commitment to the delivery of good quality service and the reduction on wasteful expenditures.					

Indicate using the alternative below the proportion of the bill you pay whenever you are settling the bill

(5) All of it (4) only the current bill (3) less than half of total bill (2) more than half (1) any amount at hand.

I would pay all my bills if the staff were more cooperative & customer friendly

(5) All of it (4) only the current bill (3) less than half of total bill (2) more than half (1) any amount at hand.

SECTION C – For Government ministries

Please indicate your opinion about each of the following statements regarding your organizations ability to pay water and sewerage delivered to you by NWSC using the following scales.

(5) strongly agree (4) Agree (3) uncertain (2) disagree (1)strongly disagree

	5	4	3	2	1
The current water & sewerage rates are fair and reasonable for us to afford					
The current connection rates are fair and affordable					
Reconnection rates are fair and affordable					
Our company always have enough money to pay water & sewerage bills					
Our budget allocation for water utilities is always sufficient to meet actual consumption					
We always pay our water & sewerage bills in time					
The water & sewerage structures is simple to understand					
The treasury always releases funds for water utility in sufficient amount and in time					

SECTION D

If you had a choice, which of the following would you prefer to manage water supply in your area, i.e., connections, maintenance of network, bill distribution, revenue collection (**Tick only one**)

A local council	
Government Parastatal	
Private operator	
Water user's association	

Others (specify)	
------------------	--

Other than the price, list down any factors that discourages you from paying water bills fully and regularly.

.....

.....

.....

.....

.....

.....

If you are disconnected, mention any action NWSC should undertake to convince you to apply for reconnection.

.....

.....

.....

.....

.....

Thank you very much for your cooperation

APPENDIX III: CALCULATION FOR THE CONTENT VALIDITY INDEX (CVI) OF THE INSTRUMENTS

Procedure for calculating the CVI of the instruments

Two experts were consulted and requested to look at each item and judge whether it was:

- 1 = Not relevant
- 2 = Some what relevant
- 3 = Quite relevant, or
- 4 = Very relevant

The researcher then put the items in 2 categories with 1 and 2 in one category and 3 and 4 in another category. They were then put in a table, after which the researcher calculated the Content Validity Index (VCI).

(a) NWSC staffs and customers questionnaire

Rater	1 or 2	3 or 4	Total 3 or 4
Rater 1	16	20	20
Rater 2	24	12	12
Total	3 or 4		32

$CVI = \frac{\text{Items rated quite relevant / very relevant by both rates (3 or 4)}}{\text{Total number of items in the questionnaire}}$

Since items rated 3 or 4 total to 32, and number of items in the questionnaire = 36

$CVI = 32/36$

$= 0.88$

Therefore, the items in the questionnaire were taken to be valid since the CVI calculated (0.88) .

(b) Interview guide for NWSC staffs and customers

Rater	1 or 2	3 or 4	Total 3 or 4
Rater 1	15	12	12
Rater 2	20	07	07
Total	3 or 4		19

CVI = Items rated quite relevant / very relevant by both rates (3 or 4)

Total number of items in the questionnaire

Since items rated 3 or 4 total to 19, and number of items in the questionnaire = 27

CVI = 19/27

= 0.70

Therefore, the items in the questionnaire were taken to be valid since the CVI calculated value (0.7).

APPENDIX V: CALCULATION FOR THE RELIABILITY OF THE INSTRUMENTS USING THE CRONBACH'S ALPHA CORRELATION CO-EFFICIENT

The reliability of the instruments was established using the Cronbach's Alpha Co-efficient (α) using the formula below:

$$\alpha = \frac{K}{K-1} \left(1 - \frac{\sum SD_i^2}{SD_t^2} \right)$$

Where by

K = Number of items in the questionnaire

SD_i^2 = Standard deviation squared (Variance) for each individual item

SD_t^2 = Variance for the total items in the questionnaire,

For NWSC staffs and customers questionnaire

Using the computer, the sum individual item variance SD_i^2 was established at 3.59 and SD_t^2 at 85.7

The total number of items in the teachers' questionnaire was 36

Using the formula

$$\alpha = \frac{K}{K-1} \left(1 - \frac{\sum SD_i^2}{SD_t^2} \right)$$

Where K = Number of items in the questionnaire

SD_i^2 = Standard deviation squared (Variance) for each individual item

SD_t^2 = Variance for the total items in the questionnaire

$$\alpha = \frac{36}{36-1} \left[1 - \frac{3.59}{85.7} \right]$$

$$\alpha = \frac{36}{35} [1 - 0.04]$$

$$\alpha = 1.028 \times 0.96$$

$$\alpha = 0.98 \text{ (Very Highly Reliable)}$$

My employer is open and frank with me					
Our management can make sensible decisions for the future of NWSC					
I can rely more on my fellow employees than my employers					
Management in this organization keeps a lot of information to itself					
We always use independent sources to verify most of management assertions					

4. 3. Enumerate five ways you think can enhance / improve customers' willingness to pay water bills on demand?

.....

.....

.....

.....

.....

.....

4.3 List down other reasons, other than tariff, why you think people do not pay their water bills regularly and fully

.....

.....

.....

.....

.....

.....

4.3 In your view, what should NWSC do to persuade back disconnected customers?

.....
.....
.....

4.3 In your view, what should NWSC –KW do to increase revenue collection

.....
.....
.....
.....
.....
.....

4.3 Which customer's class / category do you feel more comfortable with?

.....
.....
.....

4.4 Why are they special?

.....
.....
.....

4. 5. If there is any other information you feel is relevant and necessary to give write it below

.....
.....
.....
.....

Thank you very much for your cooperation

QUESTIONNAIRE ON MANAGEMENT OF CREDITS AND CUSTOMERS WILLINGNESS TO SETTLE WATER BILLS ON DEMAND IN NWSC - KW

2.0 INTRODUCTION

Dear sir / madam,

I am carrying out a study on management of credits and customers willingness to settle their water bills when they fall due as part of the requirements for the award of Degree of Master of Business Administration (MBA) of Kampala International University – Kampala. You have been selected to participate in the study so as to get a representative picture of the situation in the Corporation. The information you will give will be treated confidentially and will be only be used for the purpose of this study. Kindly provide the requested information by ticking the appropriate answer using the alternatives given.

3.0 Background information (To be filled by customers)

Sex of respondent : Female ☐ Male ☐

Age of respondent (years) : a - (18-29) b – (30 – 39) c – (40 – 49) d – (above 49)

Highest level of education attained : O level and below ☐ A level ☐ Degree ☐

Others ☐

Specify.....

None of those ☐

Section A

Indicate the level of agreement with each of the following statements by ticking the appropriate answer against them using the alternatives below.

(5) – Strongly agree (4) – agree (3) – undecided (2) – disagree (1) – strongly disagree

Lack of alternative sources of supply makes me pay my water bills	5	4	3	2	1
Fear of disconnection makes me pay my water bill					
I pay my water bills whenever I am presented with the invoice					
There is usually not enough money to pay for water bills					
Inaccuracies in bills make me withhold payment of my bills					
NWSC uses its monopoly power to force us to pay bills even if they are unreasonable					
Government ministries do not adequately budget for utilities					
Government ministries withhold payment of water bills knowingly					
NWSC staff sympathizes with customers and try to make them happy					
They cannot be disconnected or taken to court for failure to pay in time					
Field staff are friendly and trust worthy					
I get regular feedback from NWSC staff					
NWSC apologizes for any wrong done and provides explanations to what have happened.					
NWSC takes its responsibility for any unfavorable situation and					

solves it					
Adequate notice is always given before disconnections are effected					
It is a social responsibility for the government to provide free water to its citizen					
Water is a gift from God therefore should be free of charge					
The current water rates reflect water user's ability to pay					

SECTION B

Indicate your agreement with the following statements by ticking the appropriate answer using the alternatives below.

(5) – Strongly agree (4) – agree (3) – undecided (4) – disagree

(1) – strongly disagree

Water bills are delivered to my premise every month	5	4	3	2	1
I pay my water bills monthly					
I pay my water bills only if the invoice is accurate					
I pay my water bills even if the invoice is not accurate					
I do not pay my bills if there are unresolved disputes					
NWSC staff arrogance and indifference to our complaints discourages me from paying my water bills					
I pay my bills only when I get a disconnection warning					
I pay my water bill only when am disconnected					

I pay by water bill only when asked by NWSC to do so					
Lack of cooperation by NWSC staff discourages me from paying water bills					
Poor handling of customers by NWSC staff make the customers withhold payment					
I would pay my all my bills if we had confidence and trust in NWSC billing & complaint handling					
I would pay all my bills if NWSC shows more commitment to the delivery of good quality service and the reduction on wasteful expenditures.					

Indicate using the alternative below the proportion of the bill you pay whenever you are settling the bill

(5) All of it (4) only the current bill (3) less than half of total bill (2) more than half (1) any amount at hand.

I would pay all my bills if the staff were more cooperative & customer friendly

(5) All of it (4) only the current bill (3) less than half of total bill (2) more than half (1) any amount at hand.

SECTION C – For Government ministries

Please indicate your opinion about each of the following statements regarding your organizations ability to pay water and sewerage delivered to you by NWSC using the following scales.

(5) strongly agree (4) Agree (3) uncertain (2) disagree (1)strongly disagree

	5	4	3	2	1
The current water & sewerage rates are fair and reasonable for us to afford					
The current connection rates are fair and affordable					
Reconnection rates are fair and affordable					
Our company always have enough money to pay water & sewerage bills					
Our budget allocation for water utilities is always sufficient to meet actual consumption					
We always pay our water & sewerage bills in time					
The water & sewerage structures is simple to understand					
The treasury always releases funds for water utility in sufficient amount and in time					

SECTION D

If you had a choice, which of the following would you prefer to manage water supply in your area, i.e., connections, maintenance of network, bill distribution, revenue collection **(Tick only one)**

A local council	
Government Parastatal	
Private operator	
Water user's association	

Others (specify)	
------------------	--

Other than the price, list down any factors that discourages you from paying water bills fully and regularly.

.....

.....

.....

.....

.....

.....

If you are disconnected, mention any action NWSC should undertake to convince you to apply for reconnection.

.....

.....

.....

.....

.....

Thank you very much for your cooperation

APPENDIX III: CALCULATION FOR THE CONTENT VALIDITY INDEX (CVI) OF THE INSTRUMENTS

Procedure for calculating the CVI of the instruments

Two experts were consulted and requested to look at each item and judge whether it was:

- 1 = Not relevant
- 2 = Some what relevant
- 3 = Quite relevant, or
- 4 = Very relevant

The researcher then put the items in 2 categories with 1 and 2 in one category and 3 and 4 in another category. They were then put in a table, after which the researcher calculated the Content Validity Index (VCI).

(a) NWSC staffs and customers questionnaire

Rater	1 or 2	3 or 4	Total 3 or 4
Rater 1	16	20	20
Rater 2	24	12	12
Total	3 or 4		32

$CVI = \frac{\text{Items rated quite relevant / very relevant by both rates (3 or 4)}}{\text{Total number of items in the questionnaire}}$

Since items rated 3 or 4 total to 32, and number of items in the questionnaire = 36

$CVI = 32/36$

$= 0.88$

Therefore, the items in the questionnaire were taken to be valid since the CVI calculated (0.88) .

(b) Interview guide for NWSC staffs and customers

Rater	1 or 2	3 or 4	Total 3 or 4
Rater 1	15	12	12
Rater 2	20	07	07
Total	3 or 4		19

CVI = Items rated quite relevant / very relevant by both rates (3 or 4)

Total number of items in the questionnaire

Since items rated 3 or 4 total to 19, and number of items in the questionnaire = 27

CVI = 19/27

= 0.70

Therefore, the items in the questionnaire were taken to be valid since the CVI calculated value (0.7).

APPENDIX V: CALCULATION FOR THE RELIABILITY OF THE INSTRUMENTS USING THE CRONBACH'S ALPHA CORRELATION CO-EFFICIENT

The reliability of the instruments was established using the Cronbach's Alpha Co-efficient (α) using the formula below:

$$\alpha = \frac{K}{K-1} \left(1 - \frac{\sum SD_i^2}{SD_t^2} \right)$$

Where by

K= Number of items in the questionnaire

SD_i^2 = Standard deviation squared (Variance) for each individual item

SD_t^2 = Variance for the total items in the questionnaire,

For NWSC staffs and customers questionnaire

Using the computer, the sum individual item variance SD_i^2 was established at 3.59 and SD_t^2 at 85.7

The total number of items in the teachers' questionnaire was 36

Using the formula

$$\alpha = \frac{K}{K-1} \left(1 - \frac{\sum SD_i^2}{SD_t^2} \right)$$

Where K= Number of items in the questionnaire

SD_i^2 = Standard deviation squared (Variance) for each individual item

SD_t^2 = Variance for the total items in the questionnaire

$$\alpha = \frac{36}{36-1} \left[1 - \frac{3.59}{85.7} \right]$$

$$\alpha = \frac{36}{35} [1 - 0.04]$$

$$\alpha = 1.028 \times 0.96$$

$$\alpha = 0.98 \text{ (Very Highly Reliable)}$$

