Examine and Prioritize Factors Affecting Stable Revenues of Municipality of Borujerd-Iran

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Abstract

This study examines the factors affecting stable revenues and prioritizes these factors concerning stable revenues of municipality of Borujerd. The statistical population (n=345) consists of finance staffs of municipality in municipalities of Borujerd. The sample size (174) has been selected among the statistical population using stratified random sampling method. The research questionnaire consists of 25 questions, and as the result the factors affecting stable revenues indicated internal consistency and stability of questionnaire. According to findings of research, Borujerd county has had a relatively suitable status in the variable of factors affecting stable revenues and its dimensions. Factors affecting stable revenues had means greater than average level, and t-test has confirmed significance of findings. Yet, price of services with mean (4.76) and ownership of assets with mean (3.11) have been ranked the first and last, concerning the factors affecting stable revenues.

Keywords: Cost of urban facilities, renovation complications, value-added tax, annual automotive complications, sale, municipality of Borujerd

Introduction

As the result of dependence of municipalities' revenues on central government and intensification of problems in cities due to natural growth of population and emigrations as well as high volume of demand for municipal services and dependence of municipalities on instable revenues in recent decades, working conditions have become worse for custodians in municipalities, obliging them to stable revenues as much as possible. If urban management seeks to keep up with revenues and trust on earning revenues, it must think about having urban stable revenues in order not to expose qualitative conditions of city to danger. In this regard, municipalities must seek to use permanent and stable financial resources rather than revenue resources that might saturate in a near future. If looking into financing city security planning and management with this view, the necessity to bring about major changes in urban revenue will be confirmed, because the revenue acquired of congestion that major part of cost of cities are met by relying on it is severely instable, unless tending to remove urban architecture.

Research importance

Today, sustainable development for metropolises is an unavoidable need, where stable revenues have been regarded as the most important factor to achieve it. In recent decades, urban management in Iran increasingly has faced numerous challenges which derive from various social, cultural, legal, financial, political and administrative factors (Moezi Moghadam, 2004). In general, revenues of municipality are provided via stable and instable revenues. Instable revenues imply the revenues without stability, relying on the housing status as well as economic conditions which go on in the country, and the municipality cannot predict a fixed budget based on them. In urban economic perspective, expanding range of activities of municipalities and enhancing people's expectations and increasing the problems arisen from increasing urban population intensify the need to
expansion of financial and revenue resources of municipalities (Ghaledar, 2004). In recent years, due to lacking suitable financial resources and necessity to providing services, major deal of municipalities’ stable revenues have been obtained through instable revenue resources; yet if urban management seeks to move in framework of principles of sustainable development, it must focus on stable revenues of which it can refer to complications of urban civil and renovation.

In other words, the municipality must seek to stable revenue resources to receive real complications. Municipalities must seek to use permanent and stable financial resources rather than revenue resources that might saturate in a near future. If looking into financing city security planning and management with this view, the necessity to bring about major changes in urban revenue will be confirmed, because the revenue acquired of congestion that major part of cost of cities are met by relying on it is severely instable, unless tending to remove urban architecture. This is in a way that receiving complications from citizens can be received at all periods of time. For instance, complications of renovation can be received per year based on extent to which infrastructure of building is, but congestion has revenue for once, and it cannot be regarded as a long-term resource. Hence, the necessity to have stable urban revenues is required to manage municipalities.

Aliabadi& Masoom(2003) by an overview on revenue resources of municipalities have concluded that instable revenue resources have a negligent share in financing municipalities. Hence, revenue of municipalities must move towards stable and regular resources, and instable revenue resources must be replaced with stable and continuous resources. In this sense, it requires putting an emphasis on identification of financial resources and the approaches for stable revenues of municipality of Borujerd.

Aims of research

Major aim:
Identify factors affecting stable revenues and prioritize the factors for stability of revenues of municipality of Borujerd

Secondary aims:
1-Identify effect of cost of urban services on stable revenues of municipality of Borujerd
2- Identify effects of modernization on stable revenues of municipality of Borujerd
3- Identify effects of complications derived from taxes on added-value on stable revenues of municipality of Borujerd
4-Identify effect of annual automobile complications on stable revenues of municipality of Borujerd
5- identify effect of sale congestion on stable revenues of municipality of Borujerd
6- Identify effect of ownership of assets on stable revenues of municipality of Borujerd
7- Prioritize factors affecting stable revenues of municipality of Borujerd

Domestic research

Aghaei et al.(2011) in a study examined the factors relating to stable revenues of municipality of Tehran, and used several major components entitled increasing complications on value of ground, financing methods, state aids and so forth as the factors affecting stable revenues of municipality of Tehran, and taken step to identify and prioritize them, and concluded that the aforementioned factors have been effective in stable revenues of municipality of Tehran.
Kashkooli (2010) in a descriptive-analytic study examined the ways to finance stable revenues of municipality of Iran, for which they considered the major components including complications, sale of services, borrowing and etc., and concluded that the aforementioned factors have been effective in stable revenues of municipality of Iran.

Ayat Elahi (2008) announced that the first limitation to resolve urban problems and inefficiency of providing services for citizens derived from lacking financial resources is adequate.

An investigation into stable revenues of municipality clarified that stable revenues of municipality have a negligent share in financing municipalities, thus municipalities must move towards stable resources, and instable revenue resources must be replaced with stable and receivable revenue resources (Ali Abadi & Masoom, 2003).

Evaluation of taxes as a major revenue resource has represented three major aims including transfer of resources from private sector to public sector, fair distribution of costs in various levels and increasing economic growth for taxes (Pechman, 1987).

The most important challenge in urban management in millennium will be grounded on costs, and earning revenues will be centered at policy makings in local management (Martin, 1997). Further, optimal combination of financial resources of municipalities includes a set of sale of urban services and goods, various types of taxes and complications and state aids. Comparing municipality of Tehran city and municipalities of U.S, it can say that the greatest revenue resource of municipality of Tehran derives from construction, and state aids develop little percent of revenue resource of municipality of Tehran; yet, substantial percent of revenues of municipalities of U.S derive from state aids (O’Sullivan, 2003).

**Conceptual model of research**

Stable revenue implies the revenue that can be affected by external factors such as economic crises, political developments, social problems and so forth, or prediction of it will be possible for several years in future. Instable revenues will be exposed to fluctuation in recession and development, resulting in budget deficit in recession. For this, using the modern approach of urban economy, newer issues have been emerged which aim to identify mechanisms of development and production of stable resources to provide cost needs at area of urban management. Proper control of city and providing suitable services for citizens and conducting civil projects require achieving stable revenue resources.

Figure 1 - Conceptual model of research concerning article 29 of financial code of municipalities
Research method
The present research in terms of aim is an applied type of research, categorized as a descriptive survey in terms of data collection. This research is an applied research as its findings are used to resolve revenues problems of municipalities, and a descriptive research as its variables are examined based on existing status.

Research scope
The research scope is considered at three time, place and subject dimensions. In the present study, three scopes below have been introduced and defined:

Time scope
The present study has been conducted during six month from the early 2014.

Place scope
Place scope implies financial and administrative employees serving in municipality of Borujerd to whom the questionnaires were given.

Subject scope
The present study has examined and prioritized factors affecting stable revenues of municipality of Borujerd.

Examine the research hypotheses using regression model
In this section, six factors (research hypotheses) have been considered as independent variables, and stable revenues have been considered as dependant variable, in order to observe whether all these six factors affect stable revenue or not.

Table 1. regression for the effect of six factors on extent of stable revenue

<table>
<thead>
<tr>
<th></th>
<th>Sum of squares</th>
<th>Freedom degree</th>
<th>Mean of squares</th>
<th>f-value</th>
<th>Significance level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>71/76</td>
<td>4</td>
<td>11/81</td>
<td>10/46</td>
<td>0/004</td>
</tr>
<tr>
<td>Residual</td>
<td>270/657</td>
<td>213</td>
<td>1/14</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sum</td>
<td>341/737</td>
<td>219</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

According to significance level (0.004) which is less than 0.05, it can say that there is a significant relationship between six factors and extent of stable revenue of municipality of Borujerd.

Table 2. coefficients of factors affecting stable revenues of municipality of Borujerd

<table>
<thead>
<tr>
<th></th>
<th>Value of coefficient</th>
<th>Standard error</th>
<th>t-value</th>
<th>Significance level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price of services</td>
<td>0/322</td>
<td>0/114</td>
<td>2/725</td>
<td>0/021</td>
</tr>
<tr>
<td>Complications of renovation</td>
<td>0/293</td>
<td>0/080</td>
<td>3/918</td>
<td>0/006</td>
</tr>
<tr>
<td>Taxes of added-value</td>
<td>0/332</td>
<td>0/122</td>
<td>2/447</td>
<td>0/000</td>
</tr>
<tr>
<td>Complications of automotive</td>
<td>0/218</td>
<td>0/118</td>
<td>2/131</td>
<td>0/019</td>
</tr>
<tr>
<td>Sale of construction</td>
<td>0/373</td>
<td>0/242</td>
<td>3/872</td>
<td>0/000</td>
</tr>
<tr>
<td>Ownership of assets</td>
<td>0/391</td>
<td>0/093</td>
<td>2/548</td>
<td>0/000</td>
</tr>
</tbody>
</table>

As significance level for each six factors is less than 0.05, thus each four factors affect stable revenues of municipality of Borujerd.
Table 3. approved model for factors affecting stable revenues of municipality of Borujerd

<table>
<thead>
<tr>
<th>Model</th>
<th>Correlation coefficient</th>
<th>Determination coefficient</th>
<th>Adjusted determination coefficient</th>
<th>Standard error</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>a0/463</td>
<td>0/214</td>
<td>0/194</td>
<td>0/05769</td>
</tr>
</tbody>
</table>

The result from research hypotheses

The results from this hypothesis indicate that increasing and receiving the cost for urban services lead to increasing stable revenues of municipality of Borujerd. It is suggested to develop teamwork to identify the latent potential in municipality of Borujerd in form of attracting revenue resources and take step to identify new revenues, and finally to implement benefits and costs concerning used revenues. The results from this hypothesis (complications of renovation) indicate that complications of renovation result in increasing stable revenues of municipality of Borujerd. It should be noted that as the land is a real property, thus it can be easily identified, and this causes less problems in emergence of construction complications, whereby it is suggested to use these complications to supply stable revenues of municipality of Borujerd.

The results from this hypothesis (taxes on added-value) indicate that taxes on added-value cause increasing stable revenues of municipality of Borujerd. It is suggested to train empowerment of employees to identify stable revenues of municipality of Borujerd as taxes on added-value is available in internal space of city for citizens.

The results from this hypothesis (complications of automotive) indicate that complications of automotive cause increasing stable revenues of municipality of Borujerd. As automotive is a real property, and due to increasing number of automotives, the coordination between regulatory controls and concerned organizations caused the owner of automotives to take action to pay for complications.

Suggestions

The approaches as follows are represented to empower urban management of municipality of Borujerd:
1-moving towards creation of more sustainable revenue using civil credits and definition of revenue plans
2-expanding Taxi system throughout city which causes rise of revenues such as complications of taxi license for municipality of Borujerd and providing services for citizens
3-developing supervision on all existing activities through improvement of quality management system and use of modern quality management systems
4-allocating civil credits in the same way for all eight budget chapters and conducting particular studies by getting help from consultants
5-specifying area and capita of all users as modern information banks for using in providing urban development plans
6-expanding sports and entertainment spaces concerning existing empty spaces in city to increase urban capita
7-long term and middle term planning to develop city in parallel to effective demand for housing in the city which provides complications of construction licenses and renovation complications for municipality of Borujerd
8-conducting comprehensive studies in the context of existing passages in qualitative and quantitative perspectives
9-strengthening infrastructural plans and providing services such as urban drainage
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