Quality of Leaders and Barangay Finance

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ABSTRACT: This paper attempts to answer the question: *Is the financial capability of local governments affected by the quality of its leaders?* Financial capability is measured in terms of the Own-Source Revenues generated by every barangay's net of their Internal Revenue Allotment. Ordinary least squares method with log transformations in a multiple regression analysis is used to estimate how much of Zamboanga City's ninety-eight barangays' own-source revenues are affected by the qualities of their chairpersons. The regression results support the existing literature that education of *punong barangays* positively affect the level of barangays' financial capability in Zamboanga City. The leaders' age and experience are also positive contributors. Other qualities of the punong barangay such as civil status, family affiliation, and gender do not significantly affect barangay own-source revenues. These research findings imply that for village councils to have sufficient and sustainable funding, the electorate has to choose quality local leaders who are well-educated, experienced and are old or mature enough to be able to generate and maintain local funds.

KEYWORDS: Leaders, barangay, finance, Zamboanga, local government units

Introduction

Local Government Units (LGUs) play a crucial role in the Philippines' economic development. When each barangay, municipality and city improves economically, economic progress in the entire country follows naturally. For Hector De Leon (1997), LGUs can identify the needs and concerns of their localities best, and they can meet these needs by

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channelling the public goods and services to their constituents who need them the most. De Leon asserts that local affairs can be best regulated by the people in the locality rather than by the central authority. Even literature supports the contention that leaders affect economic growth (Jones 2008; Jones and Olken 2005). Moreover, there is no authority more familiar with local needs and concerns than the barangay leaders themselves.

The *Local Government Code of 1991* mandates the following services and facilities that each barangay needs to provide: 1) Agricultural support services which include planting materials, distribution system and operation of farm produce collection and buying stations; 2) health and social welfare services which include maintenance of barangay health center and daycare center; 3) services and facilities related to general hygiene and sanitation, beautification, and solid waste collection; 4) maintenance of *katarungang pambarangay*; 5) maintenance of barangay roads and bridges and water supply systems; 6) infrastructure facilities such as multipurpose hall, multipurpose pavement, plaza, sports center, and other similar facilities; 7) information and reading center; and 8) satellite or public market.

To be able to carry out its mandate, the LGU at the barangay level has two essential needs: 1) The adequate funding to finance all these responsibilities; and, 2) the competency to raise and use these finances efficiently. Both are necessary; one is deficient without the other. However, the latter is the more important of the two because in the case where finances are insufficient, competent leaders can demonstrate resourcefulness in generating revenues.

The focal contention of this paper is that the financial condition of the barangays is directly related to their kind of local leaders. Specifically, the main research question is: *Is the financial capability of local governments affected by the quality of its leaders?* This paper, therefore, attempts to measure the extent to which leadership competency contributes to the financial capability of LGUs, specifically of the barangays. The paper first presents the challenges besetting the finances of the barangays particularly in Zamboanga City, and then examines how leadership qualities may have contributed or eased these challenges.

A Review on Barangay Finance

Like any LGU, the barangay has two main sources of funding one of which is the Internal Revenue Allotment (IRA). The IRA is a share that barangays are entitled to get from the national taxes as assured by Section 285 in Title 3 of the *Local Government Code of 1991*. Another source of funds is stipulated in section 129 of the same code that allows LGUs the power to generate its own income, which this paper calls own-source revenues (OSR).

With such a daunting mandate, the problem lies on the LGUs' limited financial resources to carry out its responsibilities. Layug et al. (2010) reported in their study that the bulk of the barangay income in Agusan del Sur and Dumaguete is being spent on salaries and wages. Little money is left for fulfilling the devolved functions of barangays, with most of them failing to finance these functions.

Moreover, the many responsibilities of barangays mean that the limited financial resources are thinly distributed among their several functions. Some of these barangays fail to spend on important basic services such as education and health. In all study areas, no amount was spent on agricultural support services, maintenance of barangay roads, bridges, and water systems, and infrastructure facilities. Expenditures on health and nutrition range from PhP 2,000 to PhP 81,000, and these were spent on paying for utilities expense and honoraria of Barangay Health Workers (BHW) and medicines (Layug et al. 2010).

Another financial concern is the barangays' dependency on their IRA and their lack of initiative to raise their OSR.

The 2010 Financial Report by the Commission of Audit (COA) reveals that 65 percent of the LGUs' incomes come from the IRA. In their study, Layug et al. (2010) report that the barangays' dependency on their IRA ranges from 85 percent to 97 percent. This IRA-dependency of the LGUs has been noted and concurred by several papers (Layug et al. 2010; Manasan 1987; and Quaile 2009). Furthermore, Layug et al. (2010) state that barangays do not address the misalignment of revenue and expenditure assignment, as well as the counter-equalizing and disincentive effects of IRA by not raising

enough OSR in their localities and optimizing their use of corporate powers as evidenced by a zero percentage on borrowings.

In a joint project of the Philippine Institute for Development Studies (PIDS) and the United Nations Children's Emergency Fund (UNICEF) in 2009, it stated that "without sufficient funding to finance the production, distribution, consumption, or provision of public services, well-meaning public officials are unable to deliver. Given these perennial constraints, local chief executives are faced with a great challenge to be resourceful and innovative, and most of all, to exercise strong political will in overcoming the limitations and in delivering the needed services."

Among the reasons for the financial handicap disenabling the barangays to deliver goods and services to their constituents are the barangay leaders themselves. Layug et al. (2010) identify this as the lack of political will among barangay officials to innovate alternative modalities of revenue generation—or optimal use of corporate powers in terms of accessing credit facilities, among others.

This 'lack of political will' is due to the inadequate competence of these barangay officials which hampers them from tackling the financial as well as the public service needs of their constituency. The Besley, Montalvo and Reynal-Querol's (2011) study reveals that economic growth is enhanced by having leaders who are more highly educated.

Traits of a Leader in Multiple Regression and Econometric Model

Ideas on leadership qualities can be traced as far back as the Greek philosopher Plato. In Plato's *Republic*, he described that a leader, a philosopher-king, should have the following qualities: Highly intelligent, morally upright, and well-trained.

In the field of leadership studies today, among the theories of leadership that are often discusssed is the trait theory. Trait theory assumes that people possess or acquire certain qualities that make them better suited to leadership. This theory asserts that effective leaders demonstrate certain

traits or characteristics. Such traits help explain what makes one leader stand out from others. These traits can be character traits (Esguia and Padilla 2010) or some level of cognitive or emotional intelligence.

This research paper finds its inspiration from Jones and Olken (2005) who assert that quality of leaders mattered for economic—or in this paper's case, income—growth. They believe that "some leaders are more competent than others and are able to make sensible economic policy choices which enhance economic performance." This conclusion is supported by Besley, Montalvo and Reyna-Querol (2011) who assert that economic "growth is enhanced by having leaders who are more highly educated." Butler, Lee and Moretti (2004) add that political affiliation also matters for growth.

This study had drawn some of the variables from the latter literature. It applied multiple regression analysis using cross-sectional data. It estimated how much each of the pertinent qualities of these chairpersons elected last 2010 has affected the barangays' financial capability. This is expressed in the following model:

Let:

$FC =$	Financial Capability of the barangay, which is the dependent variable
$Qual =$	f (qualities of the barangay chairpersons). This comprise the independent variables.
$\Delta =$	denotes change
$\varepsilon =$	the error term, which captures all other factors or variables not identified in this study

Where:

$\Delta FC =$	f (Qual)
$Qual =$	g (education, experience, affiliation, age, civil status, gender)

Regression model:

$$FC = \beta_0 + \beta_1 Qual + \varepsilon$$

$$FC = \beta_0 + \beta_1 \text{ education} + \beta_2 \text{ experience} + \beta_3 \text{ affiliation} + \beta_4 \text{ age} + \beta_5 \text{ gender} + \beta_6 \text{ civil status} + \varepsilon$$

Methodology, Variables and Significance of the Study

This study utilizes both qualitative and quantitative analyses. For the qualitative analysis, the paper first presents an overview of the consolidated financial condition of the ninety-eight barangays in Zamboanga City, to be followed by a summary profile of all the chairpersons locally known as "punong barangays." The regression test uses the ordinary least squares method to provide the empirical basis for the quantitative analysis of the estimated variables.

The dependent variable is the Financial Capability which is the total income of a particular barangay's net of its IRA, denoted as OSR. Urbanized barangays tend to have larger incomes and rural barangays have smaller incomes. To remove this bias toward rich barangays, OSR is expressed in a form of a ratio. Mathematically, it is expressed in the following:

$$OSR = \frac{Total\ Barangay\ Income - IRA}{Total\ Barangay\ Income}$$

To approximate the contribution of the chairperson's qualities on the financial capability of his/her barangay, the change in OSR is estimated. The change here denotes the difference between the levels of barangay income at the end of 2011 and the level of barangay income prior to his/her assumption of office in 2009. This difference will show if this official has brought about a financial improvement, stagnation or decline in the LGU.

$$\Delta OSR = OSR_{2011} - OSR_{2009}$$

The independent variables that this study will look into include the qualities of barangay chairpersons namely: Education, experience, age, gender, civil status and familial affiliations of the barangay chairpersons.

This paper is interested to find out if educational background is a significant factor in enabling the barangay chairpersons to be good fund-raisers. The level of education represents the knowledge, skills and formal trainings these officials have to make them good leaders of their own locality. This is determined by the highest educational attainment of the barangay

captain, in terms of number of years of formal and informal schooling. This study hypothesizes that leaders with higher educational attainment (college or graduate level) are better economic planners, more innovative and open-minded to new sources of revenues than those with lower educational levels Experience is measured by the number of years in public service, either as chairperson or any other official position in the barangay. A first-term official is assumed to have less experience in public service than an official with two or more terms in office. This paper hypothesizes that experience of the barangay chairpersons has a significantly positive relation with the financial capability of their barangays.

Affiliation is another important factor to consider. Butler, Lee, and Moretti (2004) point out that political affiliation is related to economic growth. However, the *Local Government Code of 1991* stipulates the apolitical and non-partisan nature of local officials. Hence, generally and by custom, barangay officials have not outrightly engaged themselves in partisan politics. For the purposes of this paper, the term affiliation is referred to as familial which is defined as the number of officials who hold various barangay positions with the same surname. The positions may vary from chairperson, *kagawad*, *Sangguniang Kabataan* (SK) chairperson, barangay secretary or treasurer. Since it is quite common for families to reside in the same village, this study assumes that officials with identical surnames are, to some degree, related to one another. By practice in this country, candidates of political clans often get elected, even when political dynasties are discouraged by the Philippine Constitution. This research would like to see if having relatives in the village council, either at present or in the past, affects the barangay's OSR.

Finally, this paper tests whether age, gender and civil status of punong barangays can also affect their ability to raise funds.

For the purposes of this paper, the term barangay chairperson is used interchangeably with the terms chairperson, punong barangay and captain; whereas, barangays are also referred to as villages. The city proper is locally known in Zamboanga City as *pueblo* and in this paper is also termed *poblacion*. The OSR is used interchangeably with own source incomes.

The total income is taken from the annual Statements of Appropriation, Income and Expenditures reported by the City Auditor's Office. The OSR is computed using this total income minus the IRA which is prepared by the Office of the Department of Budget and Management (DBM) in Region IX.

For the independent variables, the Department of Interior and Local Government (DILG) has compiled a concise profile of all barangay officials in the city.

Meanwhile, this study is important for the following reasons. Firstly, it fills in a research vacuum focusing on barangay leadership and finance. There is limited literature on Philippine barangays per se as more researches tend to focus on cities, municipalities and even provinces due to readily available data. This paper will help provide a picture of the financial as well as economic condition of the barangays in Zamboanga City.

Secondly, institutions that train future leaders, like the Ateneo de Zamboanga University (ADZU) which is a service provider of higher education in Region IX, will benefit greatly from this paper. The research findings can help in evaluating their curriculum and programs and in designing their course offerings that reflect the training of future leaders as well as in inculcating in their students civic duties and responsibilities. More particularly, as a stakeholder and participant of local development, ADZU may find this study helpful in guiding its social development projects.

Thirdly, social planners, both in national and local government agencies, will also find the results of this paper useful in helping local officials become better fiscal managers and the LGUs, particularly the barangays, perform their functions better.

Finally, this study is opportune and relevant in times of elections, specifically barangay elections. It can reveal the importance of choosing the right leaders and the implication of the electorate's votes on the performance of their LGUs.

Results and Discussion

Financial Status of the Barangays in Zamboanga City

According to the City Auditor's records, as of year 2011, the ninety-eight barangays in Zamboanga City have a combined total income of PhP 390.7 million, higher by 8.5 percent than the previous year. This is higher when compared to the combined total expenses of the same year, which was PhP 275.5 million. In fact, the barangays in Zamboanga City have been saving since 2009, only that the surpluses have been declining from PhP 132.9 million in 2009 to PhP 121.5 million in 2010 and PhP 115.1 million in 2011. Still, what is notable is that each of these barangays has gained surpluses in all these three years. Not one of them had a deficit. As for the reason behind this, perhaps another in-depth research study can be made on the disbursement process of these funds.

On the issue as to whether or not the barangays in Zamboanga City are dependent on the IRA, records from the DBM show that the total combined IRA given to these barangays in 2011 amounted to PhP 335.8 million. This is 86 percent of the consolidated income of the same year (see Figure 1). Apparently, the 14 percent or about PhP 55 million generated by these LGUs themselves or their OSRs are clearly not enough to fund the PhP 275.5 million expenses incurred that year.

Another point of interest is to know whether or not the fiscal conditions of the barangays have improved in real values since 2009—the year before the current elected barangay chairpersons have assumed office up to their first year in office which was 2011. By real values, it meant using common price levels to make the incomes in these two years comparable. This is made possible by removing the effect of inflation on the 2011 total income. When computed, the real incomes of several barangays were actually lower in 2011 compared to 2009. When totalled together, the total real barangay income in 2011 was a mere PhP 8 million higher than the total income in 2009.

Top and Bottom Ten Barangays and their Chairpersons

When the ninety-eight barangays in Zamboanga City were ranked according to real OSR, the ten highest and the ten lowest OSRs, there were six barangays whose OSRs reached PhP 1 million to 2 million (see Table 1). Surprisingly, the villages with the biggest OSRs were Mampang, Sta. Catalina and Patalon; both the former and latter are rural villages. According to the COA regional office, the reason for Mampang's and Patalon's sizeable OSR in 2011 was the large congressional fund given to these barangays allotted for medical equipment. For instance, Mampang received about PhP 1.9 million for this purpose.

It is worth noting that the richest barangays with the highest total income were not on this list: Talon-Talon, Baliwasan, Pasonanca, Tumaga, Calarian, San Jose Gusu and Tugbungan. These villages have the biggest total income because their IRA are also the largest due to their sizeable populations and land area, while their OSRs may not be as substantial.

TABLE 1. Barangays with the Highest and Lowest OSRs

Top 10 Barangays				**Bottom 10 Barangays**			
Rank	Barangay	2011 OSR	Share	Rank	Name of Barangay	2011 OSR	Share
1	Mampang	2,548,212.58	23%	89	Dita	345,617.95	16%
2	Sta. Catalina	2,518,114.82	28%	90	Tumalutab	344,487.88	19%
3	Patalon	1,806,030.09	37%	91	Landang Gua	342,469.94	21%
4	Tetuan	1,710,235.08	13%	92	Busay	341,320.13	19%
5	Sta. Maria	1,208,654.07	13%	93	Manalipa	341,148.37	22%
6	Zone III	1,063,821.21	41%	94	Panubigan	340,436.63	28%
7	Zone IV	937,725.74	29%	95	Landang Laum	340,399.79	14%
8	Zone II	915,329.10	35%	96	Tigbalabag	338,372.16	23%
9	Camino Nuevo	904,676.85	18%	97	Pangapuyan	336,437.62	28%
10	Canelar	884,821.45	16%	98	Kasanyangan	106,426.83	2.8%

Source: Records from the City Auditor's Office.

In terms of the percentage of the OSR to total income, the barangays with the biggest share were Zone III at 41 percent, Zone II at 35 percent, and Zone IV at 29 percent. This result is not surprising because they are

all located at the central district of the city. Their OSRs are generated from establishments located in this area. Meanwhile, Tetuan and Sta. Maria had the smallest share in the top ten at 13 percent. Moreover, all these barangays are mostly situated within 4 kilometres of the city proper and are classified as urban areas except Mampang and Patalon which are 6 kilometres and 31 kilometres away from the poblacion, respectively.

The villages with the smallest OSRs are Kasanyagan, Pangapuyan, Tigbalabag, Landang Laum, Panubigan, Manalipa, Busay, Landang Gua, Tumalutab, and Dita. Notice that six of these are island villages and are economically classified as rural areas, except for Kasanyagan which is an urban village located 2 kilometres from the city proper. The six poorest villages with the smallest total incomes are not on this list. These are Latuan, Lumayang, Dulian (Upper Pasonanca), Taguiti, Pasilmanta and Capisan. They were not in the bottom ten barangays because their OSRs were among the smallest.

Table 2 reveals that on the average, the top ten barangays have a relatively larger share of OSR to their total incomes than the bottom ten barangays. This means that the former are relatively less dependent on their IRA allocation than the latter.

TABLE 2. Profile of Punong Barangays of Villages with the Highest and Lowest OSR

	Top 10 Barangays	**Bottom 10 Barangays**
Mean Share of OSR to Total Income	25.3	19.2
Mean number of years as chairmen	6.8	4.1
Mean number of years of Experience	9.0	5.4
Mean number of years of schooling	12.0	8.0
Gender	All males	9 Males; 1 Female
Civil Status	All married	9 Married; one single
Mean Age	53.3	48.4
Family Affiliation	4 have or had relatives in the barangay council	9 have or had relatives in the barangay council

Source: Records from the DILG, Region IX.

On the average, the chairpersons of the top ten barangays have more years of experience in public service, more years of schooling and are older than

the village captains in the bottom ten on the OSR ranking. Moreover, the punong barangays of the top ten villages happen to be all males, all married and less than half of them has or had relatives serving in the barangay council either at present and/or in the previous terms of office. As to whether these variables (that is, experience, education, gender, civil status, age and family affiliation) significantly affect OSR, these have to be tested empirically.

Regression Results

When the econometric model was tested using all independent variables, it appears that only education and age significantly affect the OSR of the ninety-eight barangays in 2011. Affiliation, gender and civil status have low *t* values, hence, do not significantly affect the barangay's OSR (see Figure 3).

FIGURE 3. Regression Result Using All Independent Variables.

$$Log(OSR_{2011}) = 8.70 + 0.49\log(education) + 0.12\log(experience) + 0.70\log(age)$$

$SE =$	(1.12)(0.16)	(0.07)	(0.27)
$p\ value =$	(0.00)(0.003)	(0.11)	(0.01)

$$-0.03\ Affiliation + 0.13\ Gender + 0.12\ Civil\ Status$$

$SE =$	(0.10)	(0.17)	(0.18)
$p\ value =$	(0.77)	(0.46)	(0.49)

$R^2 = 0.20$ $\quad DW = 2.17$

$F - Stat = 3.82$ $\quad Prob(F - Stat) = 0.0019$

Excluding the insignificant independent variables, the best econometric model with the lowest Akaike Info Criterion (AIC) and Schwarz Criterion is shown in Figure 4. Regression tests reveal heteroscedasticity and spatial autocorrelation problems. The presence of heteroscedasticity is brought about by outliers, with a few barangays having very large OSRs while some others with very small OSRs. Log transformations of the variables in the model have been used to address this problem. The autocorrelation is not

a surprise since Zamboanga is a small city. Spillover effects of both positive and negative externalities nature on adjacent barangays are common. To correct this complication, a first-order autoregressive (AR) process (1) is used on the model.

FIGURE 4. Regression Result of the Best Model on OSR

$$Log(OSR_{2011}) = 9.19 + 0.05\log(education) + 0.12\log(experience) + 0.70\log(age)$$

$SE =$	(1.00)(0.01)	(0.07)	(0.25)
$p\ value =$	(0.00)(0.001)	(0.08)	(0.003)

$R^2 = 0.20$ $\quad Adjusted\ R^2 = 0.17$ $\quad DW = 0.17$

$F - Stat = 5.77$ $\quad Prob(F - Stat) = 0.0003$

Figure 4 reveals that for every additional year of schooling a punong barangay possesses, the OSR of the barangay increases by 5 percent. For every 1 percent increase in the age of the punong barangay, OSR increases by 0.77 percent. Both figures are significant within the 95 percent confidence level. Whereas, for every percent increase in public service experience, the barangay's OSR gains by 12 percent. The low *t* statistic of the variable experience reveals that the latter result is still within the 90 percent confidence level. However, this interpretation should be approached with caution. If the autocorrelation is uncorrected [or the AR 1 is excluded in the model], the *p* value of the variable experience is raised, thereby making it less significant. Nevertheless, the F-Stat of this model and its probability value show that this is moderately significant. This model, therefore, can explain and predict 20 percent of the movements in the barangays' OSR.

It is possible, though, that the education variable depends on the OSR. It is not uncommon for barangay councils with high financial capability, and those who belong to progressive villages with high standard of living, to have an educated electorate. Such progressive villages tend to elect educated officials. To test this possibility, the Granger Causality was used to determine the direction of dependence between these two variables. Results in Table 3

show that the probability of having OSR not causing the variable education is moderately significant at 90 percent confidence level.

TABLE 3. Pairwise Granger Causality Tests

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Null Hypothesis:	Obs	F-Statistic	Probability
EDUC does not Granger Cause OSR2011	96	2.21117	0.11543
OSR2011 does not Granger Cause EDUC		2.87704	0.06144

When the difference between 2011 real barangay income and 2009 nominal income was regressed, only experience was the significant factor. All other variables do not directly affect nor contribute significantly to the change in barangay income. The result in Table 3 reveals that for every percent increase in the number of years of experience, the change in OSR increases by 50 percent. However, this result is not conclusive since the regression tests accepted only eleven out of ninety-eight observations in the model.

FIGURE 5. Regression Result of the Change in OSR

$$Log(\Delta OSR) = 13.5 + 0.09\log(education) + 0.5\log(experience) - 1.04\log(age) - 0.5(gender)$$

$$SE = (3.44)(0.05) \quad (0.11) \quad (0.74) \quad (0.29)$$

$$p\text{-}value = (0.01)(0.15) \quad (0.007) \quad (0.22) \quad (0.14)$$

$$R^2 = 0.93 \qquad DW = 2.17$$

$$F - Stat = 13.36 \qquad Prob(F - Stat) = 0.0069$$

One probable reason for this result in Figure 5 was the short interval between the years the data have been taken. By 2011, the current barangay chairpersons had been in office for just over a year. By this time, only second and third term chairpersons were able to exercise their taxing powers more effectively than the first-time barangay captains. Moreover, the inclusion of the gender variable generates better regression results than without this variable in the model.

Delimitations of the Study

This paper covers chairpersons of all the ninety-eight barangays of Zamboanga City who were elected last 2010. This excludes the other barangay officials elected on the same year, such as kagawad, SK chairperson, barangay secretary and treasurer. It also excludes other city or municipal officials whether elected or appointed. Hence, the results, conclusions and implications of this research may not directly be applicable to other LGUs and elective officials. However, the information derived from this study provides evidence and support to the premise that abilities of local officials can and does affect the financial capabilities of the localities they serve.

Another limitation is that not all qualities of the punong barangay were included in this study due to non-availability of data such as profession. Only thirty-three out of ninety-eight chairpersons indicated their profession or means of livelihood in their file at the DILG. Among the explanations provided by the regional director of DILG is that these officials are bound not to report their means of livelihood because several of them ceased practicing their profession to devote themselves to full-time public service.

As to the latest available OSR used in this study which is 2011, the current barangay captains were in office for just a little over a year. The fiscal impact of these local executives on their villages' OSRs is not yet fully realized, especially for the first-termers.

Moreover, the OSR may include endowments, grant and gifts that may be freely given to certain barangays or may be attained through a collective effort of the barangay council or even by some private individuals residing within or outside the concerned barangay. Consequently, the entire OSR may not be directly attributable solely to the personal leadership efforts of the village chairperson. Nevertheless, this paper was written on the premise that the qualities of the chairperson are important considerations to the willingness of private individuals or government officials to financially help the pertained barangay. In other words, the OSR is a product of both the direct efforts of the punong barangay, and indirectly of his personal qualities.

Finally, the financial conditions of these barangays depend solely on the financial reports filed by the barangay to the City Auditor and DILG. This research study assumes the figures on these financial records are accurate and has, therefore, no means of verifying unreported funds.

Conclusion and Recommendations

The purpose of this research study is to answer the question: *Is the financial capability of local governments affected by the quality of its leaders?* with 'financial capability' defined as OSR, and local government specified in this paper as barangays. The regression results support the hypothesis that education, age and experience of punong barangays positively contribute to the barangays' financial capability in Zamboanga City.

However, in terms of raising real incomes in future years, only the experience of local chief executives appears to matter. This implies that to be able to have sustainable barangay funds, it is advantageous for a barangay chairperson to have years of experience in public service.

Both findings imply that for village councils to have sufficient and sustainable funding, the electorate has to choose quality local leaders who are well-educated, experienced and old or mature enough to be able to generate and maintain local funds.This paper recommends that villages in the bottom ten barangays in terms of the lowest OSR, as well as the poorest barangays should elect educated, mature and experienced village officials. This recommendation is also applicable to other LGUs. One possibility is for the government to appoint qualified local leaders in poor localities instead of having the usual democratic elections, but only until such time when a certain level of development has been achieved in these areas.

This paper also recommends that further research studies be conducted on the revenue structure, disbursements of funds, even case studies on the barangay chairpersons and other relevant issues which this paper was unable to cover. Further research can be conducted where the OSR is itemized and

divested of grants such as congressional funds and endowments that are not directly attributed to the personal efforts of the barangay chairperson.

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