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Macroeconomic Policy Politics and Fiscal Federalism Structure: Analysis of Government Layers' Mediation Role

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Abstract
Fiscal federalism structure constitutes the relevant and most critical set-up numerous federalist nations across the world operate. However, practically it stands a huge challenge to sustainably manage. While several factors are often attributed to the setback, in developing states such as those of Sub-Saharan Africa, surrounding macroeconomic policy politics and government layers are often claimed exclusively responsible. Employing locality activities in West Nile and Eastern geographical regions of Uganda (East Africa), this research systematically investigated the macroeconomic policy politics-government layers-fiscal federalism structure linkages. Structural equation modeling and bootstrapping statistical results reveal that: macroeconomic policy politics-based constructs; society income support and local business overhaul, indeed predict fiscal federalism direction. Its other attribute; inter-entity fiscal promotion, holds no influence. Additionally, suspected macroeconomic policy politics-fiscal federalism structure connectivity mediator; government layers, also plays that role. Related theory-literature-practice implications are discussed.

Keywords: Local government, macroeconomic policy politics, government layers, fiscal federalism structure

1. Introduction

Managing the typically-scarce financial resources by individual persons, institutions (private or public), or entire government effectively, remains quite a big challenge across the globe. However, in order for majority countries to address this chronic problem competently, federalism and basically its radical fiscal federalism approach have often been adopted. As governing fiscal federalism theory (Musgrave, 1959; Oates, 2006; Kesner-Skreb, 2009) [24] and surrounding empirics; notably (Devarajan, Vinaya & Heng-fu, 1997; Agrawal, Hoyt & Wilson, 2022 Fitz- Verploegh, Budding & Wassenaar, 2022) [1, 13, 17] underscore, federalism is the most instrumental political economy mechanism as long as both central government and offshoot local governments coordinate cohesively.

Fiscal federalism entails granting established localities fiscal autonomy to independently manage locally-collected resources and any grants from the centre in order to serve the local communities effectively (Athey, Atkeson & Kehoe, 2005; Dunlop & Radaelli, 2018; Breuillé & Duran-Vigneron, 2023) [5, 9]. The theory-literature-policy-practice triangulation logic is that; ultimately, financial and related resources across the nation will eventually be controlled efficiently and the principal national development goal sustainably achieved (Dunlop & Radaelli, 2018) [15].

As the aim-dilemma persists in various states; both developing and developed, this theoretical-literature-policy-practice triangulation relates it to malfunction in comprehensively administering a suitable fiscal federalism structure. In federalized nations of the developing world particularly those of Sub-Saharan Africa, the structure is a setup of three major components: revenue mobilization autonomy (Balán, Bergeron, Tourek & Weigel, 2022) [6], expenditure discretion (Devarajan *et al*., 1997) [13], and public infrastructure financing (Lubogoyi, 2017).

What actually emanates and progressively excels the foregoing challenge in such countries continues to be unclear. However, numerous scholars notably the Khan, King and Wolman (2003)-Weaver (2015)-Leong and Howlett (2022) grouping, asserts that surrounding entity macroeconomic policy politics is the one enormously responsible. On the contrary, other intellectuals; remarkably (Miodownik & Cartrite, 2010; Moynihan, Pandey & Wright, 2012; Albalate, 2013) [3, 22], are of the following opinion: unless central governments comprehensively understand and appreciate the essence of embracing few and manageable government layers, the problem of fiscal federalism structure will never be solved.

The aim of this particular investigation was therefore to establish actual realities in the macroeconomic policy politics-government layers-fiscal federalism structure linkages as they especially obtain in developing nations. Accordingly, operations of selected local governments in Uganda (East Africa) were specifically surveyed given frequent related citations albeit; for quite some time, the country's broad federalism practical approach has been acclaimed.

The investigated entities included districts, cities, municipalities and town councils located in the West Nile and Eastern geographical regions of the country. As per surrounding literature; particularly the Akindele and Olaopa (2002) [2]-Moynihan, Pandey and Wright (2012) [23]-Lubogoyi (2017)-Howlett and Leong (2022) empirics, the regions are likely to have been facing macroeconomic policy politics-government layers-fiscal federalism structure complications for quite some time.

1.1. Research Significance

The basic aim of this research was to potentially benefit its related collective theory-literature-policy-practice knowledge body. As clearly outlined in the governing fiscal federalism theory (Musgrave, 1959; Oates, 2006; Kesner-Skreb, 2009) [24], executing relevant fiscal federalism activities efficiently, tremendously overhauls national development landscape.

Executed systematically, this study is likely to line-stream this theoretical setup by proving that practically it may not be possible to perfectly embrace reputable fiscal federalism. This is especially the case in resource-constrained, ethnicity-tribalism biased, pre-mature partisan politics administered, and largely corruption-driven nations of the developing world (Moynihan, *et al*., 2012; Balán, *et al*., 2022) [6, 23].

Other scholars such as Miodownik and Cartrite (2010), Weaver (2015), and Breuillé and Duran-Vigneron (2023) [9] openly declare that: much as surrounding fiscal federalism literature covers its policy and practice in majority developed countries, it is quite scanty as far as applicability in developing nations and particularly those of Sub-Saharan Africa stands. Thus, by undertaking this particular survey in some of the localities of Uganda; a recently but acclaimed decentralized state of East Africa, related macroeconomic policy politics-government layers-fiscal federalism structure literature, policy and practice are likely to benefit significantly.

2. Literature and Study Hypotheses

2.1. Fiscal Federalism Structure

Just like individual persons and organizations (private or public), the main objective of government political-administrative systems is to perpetually attain beneficial economic, social, technological and legal development. The Musgrave (1959) [24]-Oates (2006)-Kesner/Skreb, (2009) fiscal federalism theory presumes that this political-administrative collective vision is quite achievable in properly structured fiscal federalism nations no matter the geographical location.

As Kesner-Skreb (2009) notably states, federalism simply constitutes the decentralization of the basic administrative system managed by government with a view of coping with the nation's regional and/or ethnic group sizes, differences and peculiarities. For the regions and underlying localities to operate efficiently, they are constitutionally granted fiscal resource management and control autonomy.

Accordingly, this fiscal administrative sovereignty practically constitutes the renowned and global fiscal federalism philosophy (Akindele & Olaopa, 2002; Kesner-Skreb, 2009; Lubogoyi, 2017) [2]. In order to operate meaningfully and sustainably, effective fiscal federalism device should comprise of three basic components: revenue mobilization autonomy (Balán, *et al*., 2022; Breuillé & Duran-Vigneron, 2023) [6, 9], expenditure discretion (Devarajan, *et al*., 1997; Agrawal, *et al*., 2022) [1, 13], and public expenditure financing (Lessmann & Markwardt, 2010; Tremblay, 2023) [22].

Essentially, it is the collaborative implementation of the foregoing three elements which governing theory-literature-policy-practice triangulation considers fiscal federalism structure (Musgrave, 1959; Oates, 2006; Breuillé & Duran-Vigneron, 2023) [9, 24]. Moreover, according to closely associated empirics; notably, the Akindele and Olaopa (2002) [2]-Miodownik and Cartrite (2010)-Hudson, Hunter and Peckham (2019) [21] works, effectively managing this structure in majority decentralized nations especially those of the developing world and specifically in the Sub-Saharan Africa region has not been easy and remains a serious challenge.

2.1.1. Revenue Mobilization Autonomy

Naturally, it is the responsibility of government; whether operating a decentralization mechanism or under military machination, to thoroughly fund the entire national political-economic-social-technological-ecological-legal (PESTEL) system it controls (Balán, *et al*., 2022) [6]. However, as a matter of practical reality, ably and sustainably financing the numerous activities underlying each PESTEL unit satisfactorily is a huge challenge (Akindele & Olaopa, 2002; Breuillé *et al*., 2023) [2, 9].

In federalized governments; as collectively noted in the Balán, *et al*. (2022) [6]-Breuillé *et al*. (2023) [9] write-up, much as central government periodically extends financial grants to component entities, it likewise constitutionally-mandates fiscal autonomy to all underlying localities to mobilize revenue from associated communities. The fiscal goal is to enable all the units operate efficiently and ultimately facilitate government gross development objectives realization (Breuillé *et al*., 2023) [9].

Moreover, closely-related capital requirement is that all entities must also transparently cooperate with one another in order to enhance uniformity in the gross PESTEL structure achievement. Nevertheless, other academics like Miodownik and Cartrite (2010), Dunlop and Radaelli (2018) [15], and

Howlett and Leong (2022) reiterate that specifically in African-based federalized countries, all localities attaining recommended full local revenue collections has not been easy.

This is basically due to numerous surrounding factors that include the following: high poverty levels across majority societies and abnormal large scale unemployment standards (Howlett & Leong, 2022). Other notable obstructions are widespread insufficient technical knowledge, rampant ethnicity-tribalism mentality, corruption-rent/seeking dominance, partisan politics divisions, and pre-mature legislation (Miodownik & Cartrite, 2010; Dunlop & Radaelli, 2018) [15].

2.1.2. Expenditure Discretion

Stipulated in the reputable fiscal federalism theory, Musgrave (1959) [24], Oates (2006) and Kesner/Skreb (2009) indicate that a viable fiscal federalism structure requires proper management of resource outlay by both central government and underlying series of local government units. The center must honestly and transparently ensure that all expenditure in regard to both recurrent transactions and capital items like infrastructure is executed timely and responsibly as a good picture to be emulated by extended localities (Devarajan, *et al*., 1997) [13].

In practice however; as depicted in some developing nation-based entities such as those of Africa, what has derailed proper expenditure discretion undertakings is corruption and associated rent-seeking practices (Sharma, 2005; Agrawal, Hoyt & Wilson, 2022) [1]. For example, in some countries; Uganda inclusive (Lubogoyi, 2017), even parliament meant to govern national legislature, has often been reported a chronic victim of fiscal resource expenditure mismanagement. As emphasized in the Agrawal, *et al*. (2022) [1]-Tremblay (2023) works, targeted robust and development-oriented fiscal federalism structure is ultimately dislocated given that the foundational expenditure discretion mandate is grossly violated even by central authorities.

2.1.3. Public Infrastructure Financing

In mainstream federalized systems of both developed and developing nations, funding recurrent transactions has often faced rare challenges. Such activities include: paying-off monthly manpower emoluments, expenditure on office equipment and stationery, financing electricity and water usages, servicing and empowering transportation facilities, and postage financing. Lessmann and Markwardt (2010) [22]indicate that related outlays are often easily fostered by revenues locally-mobilized by even resource-constrained entities such as those in Sub-Saharan African decentralized states.

Foundational fiscal federalism structure in most countries is however largely constrained by inability to sustainably fund construction and sustainable maintenance of critically-relevant public infrastructure. Meant to tremendously benefit local communities and the broad national development agenda, the said infrastructures largely comprise of education structures (such as schools, colleges, and universities), health centers, roads, and bridges.

As observed in the Lubogoyi (2017)-Tremblay (2023) research, much as the required funding for the items is often drawn from national tax collections, bank loans (local and international) and donor aid, in developing nations the financing reliability is perpetually inflexible. At sub-national level in especially African countries; Uganda inclusive, infrastructure is entirely financed by conditional grants extended by central government. But practically, however, most grant finances are vulnerable to rampant fund-mismanagement, corruption and rent-seeking tendency dominant at locality level.

In a nutshell, virtually installing and effectively managing a reliable and robust fiscal federalism structure in majority decentralized countries especially those of Sub-Saharan Africa remains a big challenge. While theory-literature-policy-practice machination collectively asserts that the structure is viable by putting serious emphasis on central government operations, a number of technologists associate the problem with two fundamental aspects: macroeconomic policy politics (Fitz Verploegh, Budding & Wassenaar, 2022) [17] and government layers set-up (Moynihan, Pandey & Wright, 2012; Albalate, 2013) [3, 23].

Accordingly, this particular study systematically investigates whether the factor macroeconomic policy politics precisely and actually predicts the fiscal federalism structure direction. Additionally, it also examines government layers' apparent mediation influence in the macroeconomic policy politics-fiscal federalism structure linkages of sub-national entities.

2.2. Macroeconomic Policy Politics

Macroeconomic policy is basically an established technical design adopted by authorities to emanate and foster rapid and sustainable economic growth. It is also meant to curtail potential poverty scales that cut across the country (Howlett, 2022). Thus, any related prudent policy constitutes that framework with the capacity to curtail the often common economic inflation which frequently hurts largely-poor communities (Dunlop & Radaelli, 2018; Howlett, 2022) [15].

Moreover; as highlighted in the McConnell (2015)-Fitz Verploegh, *et al*. (2022) [17] related input, given that inflation significantly down-steps pertinent society economic growth, it likewise tremendously enhances re-distribution of society real incomes and wealth. This is to the detriment of majority people who are mostly unable to protect their economic interests. Thus, the extent to which policymakers are able to establish a track record of policy-implementation- influence on private sector confidence is likewise affected. In turn it negatively impairs connected investments, economic growth, and poverty outcomes (Howlett, 2022; Fitz Verploegh, *et al*., 2022) [17].

In practice, however, and; predominantly in resource-constrained developing nations, numerous policymakers lack the capacity to ably install and technically-manage productive macroeconomic policies (Khan, King & Wolman, 2003). Accordingly, majority authorities instead engage related unrealistic underground manipulations driven by partisan-politics and ethnicity-tribalism divisions to practically institute the would-be viable macroeconomic policy (Leong & Howlett, 2022).

Prevalent in typical Sub-Saharan Africa federalism nations, the ultimate victim is the fiscal federalism structure (Athey, Atkeson & Kehoe, 2005; International Monetary Fund, 2013; Dunlop, 2017; Fitz Verploegh, *et al*., 2022) [4, 14,

[17]. In view of that, the foregoing cited scholarly-works associate the macroeconomic policy politics prevalent especially in Sub-Saharan Africa federal countries with three principal constructs: society income support, local business overhaul, and inter-entity fiscal promotion.

2.2.1. Society Income Support

On the basis of a robust fiscal federalism mechanism, central government is required to extend autonomy to offshoot localities to enable them generate some local revenue. Such proceeds are however feasible if target societies are equally supported to ably engage in activities capable of engendering sufficient incomes (McConnell, 2015; Dunlop & Radaelli, 2018) [15].

Related scholars; notably Khan *et al*. (2003), Fitz Verploegh *et al*. (2022) [17], and Howlett (2022), observe that in most decentralized states of Sub-Saharan Africa; Uganda inclusive, local communities are supported by both conditional and equalization grants extended in every financial period. Conditional grants are meant to finance largely development-oriented infrastructure such as education, health, communication and road networks which ultimately boost society income support (Khan *et al*., 2003; Howlett, 2022). Equalization grants constitute finance extended to low-developed entities to help them also catch-up with geographical neighbors in terms of development and social wellbeing (Fitz Verploegh *et al*., 2022) [17].

However, other literature such as the Balán *et al*. (2022) [6]-Breuillé and Duran-Vigneron (2023) [9] write-up, holds a contrary view. It states that in practical terms, majority funding authorities in such nations often liaise with society leadership on the basis of corruption- ethnicity/tribalism-political party diversions triangulation to manipulate effective management of required financing. Ultimately, the broad society income support machination is rarely objectively attained and tremendously dislocates the fiscal federalism structure objectives (Breuillé & Duran-Vigneron, 2023) [9].

In sum, if society income support is therefore transparently administered, it finally implies that the broad fiscal federalism structure is not only enhanced but will ultimately be beneficially accomplished. This is no matter whether the practicing state is developing or even maturely developed. On the basis of the foregoing deliberations, the following hypothesis surrounding society income support-fiscal federalism structure apparent linkages is projected:

Hypothesis 1: Society income support positively predicts fiscal federalism structure progress.

2.2.2. Local Business Overhaul

In all economies especially those administered on decentralization basis, businesses are naturally executed at both central and local government level. These are basically commercial activities designed to economically benefit both the operators and target clients in short-long term alignments (Deaton & Paxson, 2000; Weaver, 2015) [12].

As earlier on stated from the Dunlop and Radaelli (2018) [15]-Fitz Verploegh *et al*. (2022) [17]-Howlett (2022) setup opinions, one of the basic features of typical macroeconomic policy; an established technical design is to foster rapid and sustainable growth. This sustainably curtails poverty scales often underlying local communities. The implication is that when such an objective is attained accurately and sustainably, local businesses are naturally overhauled and can ultimately strengthen the governing fiscal federalism structure. Moreover, the policy also ensures that taxes associated with local businesses are quite moderate and underlying society parties are often sensitized on how their commercial activities should be managed efficiently (Howlett, 2022; Fitz Verploegh *et al*., 2022) [17].

Related theory-literature-practice device; the fiscal federalism theory (Musgrave, 1959; Oates, 2006; Kesner-Skreb, 2009) [24] and the Akindele and Olaopa (2002)-Lubogoyi (2017)-Tremblay (2023) scholarly works, however, emphasize that specifically in developing countries, local business overhaul has rarely been proficiently undertaken. Notably Kesner-Skreb (2009) and Tremblay (2023) note that specifically in numerous African-based federalism nations; for instance, local business overhaul is practically seldom. This is due to the traditionally-unreliable macroeconomic policies, uncooperative local leadership, and abnormally widespread rent-seeking practices.

Thus, from the fiscal federalism structures maneuvered by various political economy states, the following associated hypothesis was also suggested for imminent statistical tests:

Hypothesis 2: Local business overhaul relates positively with the fiscal federalism structure.

2.2.3. Inter-entity Fiscal Promotion

While society income support and local business overhaul are identified as the most critical constructs underlying macroeconomic policy politics (McConnell, 2015; Dunlop & Radaelli, 2018) [15] and (Deaton & Paxson, 2000; Weaver, 2015) [12], the other attribute relevant for policy manipulation control is inter-entity fiscal promotion. Academics; Schmitt-Grohe and Uribe (2004), Athey *et al*. (2005) [4], Hudson *et al*. (2019) [21] and Leong and Howlett (2022) collectively insert that fiscal federalism structure remains solid and practical as long as inter-entity fiscal promotion is comprehensively administered.

According to the Athey *et al*. (2005) [4]-Leong and Howlett (2022) technicalities; for instance, when central government ably manages inter-entity financing by effectively monitoring fund movements, macroeconomic policy politics is not feasible. Thus, much as surrounding ethnicity-tribalism, rent-seeking and rampant corruption behavior (Kesner-Skreb, 2009; Tremblay, 2023; Breuillé & Duran-Vigneron, 2023) [9] are dominant particularly in the Sub-Saharan African federalism region, target fiscal federalism structures therein can still be viably governed.

Accordingly, the ensuing related hypothesis proposition is suggested for critical analysis:

Hypothesis 3: Inter-entity fiscal promotion and fiscal federalism structures relate positively.

2.3. Government Layers

Conventional decentralization systems operated by both developed and developing nations typically embrace a comprehensive econo-institutional framework in order to ably attain targeted fiscal federalism objectives. According to Miodownik and Cartrite (2010), Moynihan *et al*. (2012) [23] and Albalate (2013) [3], emblematic frameworks fundamentally comprise of a series of units at both central and local government level. The aim is to support systematic entity empowerment and coordination while executing planned political-administrative responsibilities (Moynihan *et al*., 2012; Albalate, 2013) [3, 23].

At central government level, typical econo-institutions include: the executive wing (head of state and prime minister's offices), legislature, judiciary, ministries, and numerous parastatal organizations. At local government level, key units include: divisions, districts, cities, municipalities, town councils and underlying sub-entities (Miodownik & Cartrite, 2010; Moynihan *et al*., 2012) [23]. Collectively; and driven by the governing constitutional mandate, the series of institutional structures at both central and local government levels is what constitutes government layers (Oates, 2006; Kesner-Skreb, 2009; Albalate, 2013) [3].

As also highlighted in the Akindele and Olaopa (2002) [2]-Agrawal *et al*. (2022) [1]-Dunlop and Radaelli (2018) [15]macroeconomic policy politics-fiscal federalism structure intellectual debate, from a functional perspective, the magnitude of these layers either undermines or empowers the standard of service delivery of the national fiscal federalism structure. This implies that whatever other factor is considered extremely influential to the structure; say the renowned macroeconomic policy politics, what is virtually critical is the magnitude of the government layers set-up (Moynihan *et al*., 2012; Agrawal *et al*., 2022) [1, 23].

In several Sub-Saharan Africa federalism countries such as Nigeria and Uganda; for instance, underlying fiscal federalism structures rarely effectively attain target goals due to abnormally large government layers. This then implies that these layers play a very serious intervening role in the management of a conventional fiscal federalism structure (Albalate, 2013).

Accordingly, in view of the foregoing empirical deliberations, the following related hypothesis is proposed:

Hypothesis 4: Government layers mediate macroeconomic politics-fiscal federalism structure triangulation linkages.

3. Methodology

3.1. Procedure and Sampling

In order to execute this survey progressively, relevant data were collected from randomly and purposively selected (Yin, 2003; Nahm, 2016; Komil-Burley, 2021): 30 districts, 4 cities, 12 municipalities and 15 town councils located in the target West Nile and Eastern regions of Uganda. As indicated earlier, the regions apparently host numerous localities susceptible to macroeconomic policy politics and fiscal federalism structure linkage inconsistencies (Akindele & Olaopa, 2002; Lubogoyi, 2017) [2]. Accordingly, a total of 435 structured questionnaires were administered amongst entity administrators and heads of department while local council leaders were interviewed.

Structured instruments employed contained a series of statement items in regard to study variables and constructs but built on a 5-point Likert Scale model. As highlighted in the Ghasemi and Zahediasl (2012) [18]-Mishra and Pandey (2018) methodology approach, the adopted scale was anchored on a "Strongly Disagree-Strongly Agree" configuration. A total of 420 questionnaires were received back; denoting a 97% unit of inquiry response rate, which is statistically and practically acceptable (Mishra & Pandey, 2018).

From biographical basis, the study reveals that 58% of the participants are male and in the 31-40 year age bracket. Most of them (64%) are married, educated to the level of Bachelor's degree (43%), and have served in their respective positions for at most five years. Consistent with previous studies (e.g. Akindele & Olaopa, 2002; Moynihan *et al*., 2012; Dunlop & Radaelli, 2018) [2, 15, 23], these findings suggest that macroeconomic policy-government layers-fiscal federalism structure connectivity activities administered in Uganda's local governments are run by a fairly young and quite experienced largely male workforce. Moreover, it is staff whose managerial and technical capacity is quite robust (Lubogoyi, 2017).

4. Measures

4.1. Fiscal Federalism Structure

Fiscal federalism structure; the criterion variable of the study was operationalized by three attributes, namely: revenue mobilization autonomy, expenditure discretion, and public infrastructure financing. Extracting scale input from the Balán *et al*. (2022) [6]-Breuillé and Duran-Vigneron (2023) [9]works, 12 items ($\alpha = 0.885$) were engaged to assess entity revenue mobilization autonomy status. A sample thereof stands as follows: "This locality's revenue mobilization standard is very autonomous".

The construct expenditure discretion was evaluated on the basis of modified scales in the related Devarajan *et al*. (1997) [13]-Sharma (2005)-Agrawal *et al*. (2022) [1] research. One of the items from the employed scale ($\alpha = 0.793$) stated that: "Management of various expenditure items incurred by this entity is technically undertaken". Moreover, from another 11-item scale ($\alpha = 0.812$) emanating in the earlier Lessmann and Markwardt (2010) [22]-Lubogoyi (2017)-Tremblay (2023) investigations, the item: "Financing of public infrastructure is very inadequate and unreliable" constitutes one of the units which were adopted to systematically assess the construct public infrastructure financing.

4.2. Macroeconomic Policy Politics

As highlighted earlier; society income support, local business overhaul, and inter-entity fiscal promotion exceptionally surround conventional macroeconomic policy politics manipulations
(McConnell, 2015; Dunlop, 2017; Howlett & Leong, 2022) [14]. Thus, in order to statistically-establish their claimed outstanding prediction roles in fiscal federalism structure effectively, the constructs were measured as follows: 14 items ($\alpha = 0.793$) were developed for a methodological scale drawn from the McConnell (2015)-Dunlop and Radaelli (2018) [15] empirics to verify the first attribute society income support. A typical item therefrom stands as follows: "In this local government, reasonable support is rarely extended to the surrounding society."

The second attribute; local business overhaul, was also measured by another set of 14 items ($\alpha = 0.827$) whose statistical scale emanated from the modified ones in the Deaton and Paxson (2000)-Weaver (2015)-Dunlop (2017) [12, 14]surveys. "Local businesses commonly operating in this locality are often overhauled" constitutes one of the items engaged in this verification.

Finally, another 14 item-scale ($\alpha = 0.815$) consistent with that from previous scholarly works (Athey, Atkeson & Kehoe, 2005; Hudson *et al*., 2019; Howlett & Leong, 2022) [4,21], was also embraced to effectively measure the inter-entity fiscal promotion element of the investigated macroeconomic policy politics predictor. One of the items states that: "This entity seldom endeavors to promote fiscal linkages with neighboring institutions".

4.3. Government Layers

Much as the fluctuations in typical fiscal federalism structures administered by numerous nations particularly those in Sub-Saharan Africa are specifically attributed to surrounding macroeconomic policy politics (Khan *et al*., 2003; Weaver, 2015; Leong & Howlett, 2022), other academics such as Miodownik and Cartrite (2010) and Albalate (2013) [3] emphasize adopted government layers as exclusive contributors to the structure's prospective direction.

In this particular research, the factor government layers was therefore embraced as an apparent mediator in the macroeconomic policy politics-fiscal federalism structure triangulation. In order to systematically assess that influence, a statistical scale albeit modified from those applied in the Moynihan *et al*., (2012) [23]-Albalate (2013) [3] works, was therefore employed. Related 15-items ($\alpha = 0.877$) included the following: "The magnitude of government layers managed in this country has significantly affected its target fiscal federalism structure."

5. Control Variable Administration

A number of participant biographical features were adopted in this study as basic control factors. These include: gender, marital status, education level, position held, and service tenure. Past studies notably; the Yin (2003)-Ghasemi and Zahediasl (2012) [18]-Mishra and Pandey (2018)-Komil-Burley (2021) methodological input, recommend that such features should always be statistically-controlled for given their inevitable influences they exert on investigated criterion variables. Such action protects ultimate data analysis results accuracy leading to beneficial findings for the knowledge body (Ghasemi & Zahediasl, 2012; Komil-Burley, 2021) [18].

Besides, some latent attributes had also been adopted in the investigation to ideally boost Harman's single factor (HSF) statistical assessment (Babbie, 2010; Nahm, 2016) [5]. The HSF approach is conventionally employed in establishing validity status of administered research data collection instruments. But as Nahm (2016) asserts in recent simulation empirics, the engaged latent variables were also controlled for to avoid their suppressive influences on forthcoming hypothesis test results.

6. Statistics Analysis

Variables and their constructs constituting this research were first subjected to conventional statistical tests in order to effectively establish probable association (correlation)-prediction (regression) network underlying them. This was executed using the renowned Statistical Package for Social Sciences (SPSS) software (Babbie, 2010; Ghasemi & Zahediasl, 2012; Nahm, 2016) [5, 18]. Thereafter, as demonstrated in the Mishra and Pandey (2018)/Komil-Burley (2021) methodology, other related statistical units notably: data collection instrument reliability and validity, and variable-construct standard deviations, means, and multicollinearity, were also established.

Subsequently, in order to substantiate both direct and indirect (mediation) effects surrounding the study's numerous proposed hypotheses, a more grounded statistical package was employed. Analysis of Moments Structures (AMOS) software; and specifically its highly regarded Structural Equation Modeling (SEM) unit, was thus engaged as per the renowned Bollen and Davies (2009) [9]-Chin, Cheah, Liu, Ting, Lim and Cham (2020) [11]-Hair, Howard and Nitzl, (2020) [19]-Hair, Hult, Ringle and Sarstedt (2022) [20] input.

Grounded on a bio-step stratagem, SEM enhances effective verification of the variable-construct linkages in order to establish whether projected hypotheses-original data connections are quite robust (Chin *et al*., 2020; Hair *et al*., 2022) [11, 20]. At Step One stage, content measurement model is verified by largely employing confirmatory factor analysis (CFA) but without involving any control variable. As highlighted by Hair *et al*. (2022) [20], the target is to breed meaningful output from higher-order-term units of the underlying latent construct items.

Ideally, the yield is extremely significant for displaying requisite model goodness-of-fit indices and ultimately enhancing the study's hypotheses direct-mediation effects verifications. The Chin *et al*. (2020) [11] empirics further indicate that the CFA output; with only higher-order-term latent construct items, fairly enhances construction of a structural model which is extremely critical in undertaking Step Two; testing of projected hypotheses.

Under Step Two, the formulated structural model is manipulated in order to clearly display particularly the targeted mediation-estimation statistics. As Sharma and Kim (2013) recommend, in case only one item is exhibited for each of the control variable latent-constructs-error- variances, all the variances should be fixed at zero value. Thus, in order to observe the advice and ultimately realize robust statistical results, the current study's control variable latent constructs and their model paths were accordingly loaded on both its anticipated mediating variable (government layers) and the dependent variable (fiscal federalism structure) (Bollen & Davies, 2009; Sharma & Kim, 2013; Chin *et al*., 2020) [9, 11].

7. Results

7.1. Descriptive Statistics and Correlation Analysis

Presented in Table 1 of this research, is largely the statistically-established inter-variable/construct correlation coefficient (α) values. Other items therein also include underlying means and standard deviation (SD) statistics and the administered data collection instrument reliability ratings. Accordingly, majority of factor mean and SD units are quite moderate in setting. Likewise, even the parental instruments hold fairly robust internal consistence reliability values that fall in a methodologically-recommended [(α): (0.73 - 0.87)] range (Babbie, 2010; Komil-Burley, 2021) [5].

The formulated correlation coefficients fall in the [(-0.26) to (0.61)] bracket most of which are statistically-significant at both (0.01) and (0.05) levels in a 2-tail measurement. Majority of them portray proposed hypotheses propositions of the study. For instance, it can be noticed that local business overhaul; one of the key macroeconomic policy politics constructs, holds a positive and statistically-significant relationship ($r = 0.37$, $p < 0.05$) with the study problem factor fiscal federalism structure. This suggests that should locally-based businesses be motivated to a 37% magnitude, governing fiscal federalism set-up will likewise advance to a similar degree.

Similarly, government layers-fiscal federalism structure positive linkages (r = 0.39, $p < 0.01$) suggest that should the number of administered federalized entities be increased to an extent of 39%, targeted fiscal federalism structure standards will also be boosted to a similar level. However; on the contrary, tabulated statistics reveal that entity macroeconomic policy politics hold a negative albeit statistically-significant association with one of the key fiscal federalism structure attributes; revenue mobilization autonomy.

Table 1: Variable Means, Standard Deviations, Reliability Coefficients, and Correlations

#	Variable Item	M	SD	1	2	3	4	5	6	7	8	9
1.	Revenue Mobilization Autonomy	3.29	1.87	.86								
2.	Expenditure Discretion	3.17	1.69	.39*	.73							
3.	Public Infrastructure Financing	3.42	1.73	.57**	.38	.85						
4.	Fiscal Federalism Structure	8.89	2.85	.54**	.46*	.57**	.81					
5.	Society Income Support	3.63	1.71	-.38	.37	.56*	.49*	.87				
6.	Local Business Overhaul	3.84	1.68	.44*	-.33	.69*	.37**	.56*	.79			
7.	Inter-entity Fiscal Promotion	3.49	1.87	.32**	.47*	.18	.49*	.28*	.35*	.83		
8.	Macroeconomic Policy Politics	3.66	1.85	-.49*	-.53	.38**	.49*	-.45*	-.26	.28*	.77	
9.	Government Layers	9.67	2.97	.44**	.42*	.57	.39*	.45**	.38*	.61*	.47**	.82

Notes: M = Mean; SD = Standard Deviation; *Correlation significant at the 0.01 level (2-tailed); Correlation significant at the 0.05 level (2-tailed); Reliability coefficients in parenthesis; and n=420.

This is to the (r = -0.49, $p < 0.01$) extent. What this suggests is that in practice as the macroeconomic policy politics circulating in majority local governments escalate to particularly a 49% scale, incidentally the sovereignty relevant in bolstering entity revenues drops by the same magnitude.

7.2. Hypotheses Analysis

As stated earlier, two models were adopted in this study in order to enhance logical, robust and effective proposed-hypotheses statistical evaluation. Conventional methodological recommendation; particularly from the Bollen and Davies (2009) [7]-Sharma and Kim (2013)-Hair *et al.* (2022) [20] empirics, entailed appliance of both measurement and structural models.

Prior to evaluating the structural model; the standard hypothesis-testing mechanism, the bio- step measurement model was first appraised for potential infiltration of common methods variance (CMV). Accordingly, confirmatory factor analysis was executed to assess both the CMV and instruments' construct and discriminate validity status (Chernick, 2011; Chin *et al.*, 2020) [10, 11]. On the basis of the six macroeconomic policy politics-fiscal federalism structure attributes: society income support, local business overhaul, inter-entity fiscal promotion, revenue mobilization autonomy, expenditure discretion, and public infrastructure financing, CMV was therefore evaluated.

As specified in the Ghasemi and Zahediasl (2012) [18]-Nahm (2016)-Mishra and Pandey (2018)-Chin *et al.* (2020) [11]-Komil-Burley (2021) methods approach, the CMV output was then compared with that of the conventional Harman's Single Factor in order to establish the study data collection instruments' validity status. The scholars' input recommends that Harman's One Factor model goodness-of-fit indices must be weak relative to those in the employed six-factor model. Technically, this indicates that the common methods variance threat to the administered research data is basically non-existant and the target validity status is now quite stout (Mishra & Pandey, 2018; Komil-Burley, 2021).

Accordingly, the study's Harman's model ($\chi2$ = 9.475; df = 21; $\chi2$/df = 0.451; IFI = 0.873; TLI = 0.897; CFI = 0.851; RMSEA = 0.326) compared badly with its six factor model goodness-of-fit indices ($\chi2$ = 12.816; df = 17; $\chi2$/df = 0.753; IFI = 0.983; TLI = 0.917; CFI = 0.889; RMSEA = 0.135). Backed-up by equally strong internal consistence; reliability, alpha coefficients for majority constructs (> 0.56; $p < 0.01$; $\alpha \geq 0.700$), the foregoing dataset validity standards practically suggest its non-vulnerability to any variance risk (Nahm, 2016; Chin *et al.*, 2020) [11].

Komil-Burley (2021) points-out that such sturdy statistical inter-variable/attribute items reassure reliable hypothesis verifications and instrument construct-discriminate validity. Moreover, with no variance vulnerability and reflection of robust validity, related hypothesis tests rest on a very stout foundation. In this particular investigation, the AMOS-based structural equation modeling (SEM) technique was engaged to effectively establish its structural model propositioned direct and indirect hypotheses. However, as advised in the Chin *et al.* (2020) [11]-Hair *et al.* (2022) [20] empirics, associated data were first subjected to multicollinearity substantiation before the SEM tests were fully executed.

Accordingly; as clearly presented in Table 2, standard multicollinearity dimensions: tolerance values and variance inflation factors, respectively exhibit recommended data multicollinearity threat nonexistence [(< 1.00; < 10.0)] (Bollen & Davies, 2009; Chin *et al.*, 2020; Hair *et al.*, 2022) [7,11, 20].

Table 2: Hypothesis Test Statistics

Dependent Variable: Fiscal Federalism Structure					
Specifics	**β**	**SE**	**t**	**TV**	**VIF**
Direct Effects					
Society Income Support Fiscal Federalism Structure	.475	.109	2.39	.746	2.8
Local Business Overhaul Fiscal Federalism Structure	.338	.114	1.44	.539	4.6
Inter-entity Fiscal Promn Fiscal Federalism Structure	-.694	.152	5.26	.817	3.9
Indirect (Mediation) Effect					
MEPP GLs Fiscal Federalism Structure	.574	.148	3.15	.466	5.7
Bootstrap Results: 95% CI [-0.017] ↔ [-0.085]; Adjusted - R^2 [0.749]					

Notes: β = Beta Coefficient; SE = Standard Error; t = t-value; TV = Tolerance Value; VIF =Variable Inflation Factor; *p <.05; **p <.01; Bootstrap Sample Size = 2500; CI = Confidence Interval; Inter-entity Fiscal Promn = Inter-entity Fiscal Promotion; MEPP = Macroeconomic Policy Politics; GLs = Government Layers.

Hypotheses Verification Status:
Hypothesis 1[Supported]; Hypothesis 2 [Supported]; Hypothesis 3 [Not Supported]; Hypothesis 4
[Supported]; Standardized Beta Coefficients Reported; n = 420.

Sufficiently supported by its superlative goodness-of-fit indices; [($\chi 2$ = 12.816; df = 17; $\chi 2$/df = 0.753; IFI = 0.983; TLI = 0.917; CFI = 0.889; RMSEA = 0.135)], the study's adopted structural model was thus certainly embraced for hypotheses direct-mediation verifications.

7.3. Direct Effect Tests

This study's projected hypotheses direct-effects-statistical-tests results are also presented in Table 2. Accordingly, positive and statistically-significant relationships exist between predictor macroeconomic policy politics attributes; society income support and local business overhaul, and the criterion fiscal federalism structure. These are to the extents of (β =.475, $p < 0.01$) and (β =.338, $p < 0.01$) respectively. This implies that both Hypothesis 1 and Hypothesis 2 predicted in the investigation are supported by governing surveyed data.

However, much as it had been propositioned as Hypothesis 3 that: in the surveyed localities another macroeconomic policy politics construct; inter-entity fiscal promotion, likewise relates positively with surrounding fiscal federalism structure, analyzed data results disclose a contrary stand. Table 2 related statistics are (β = -.694, $p < 0.05$). Fortunately, as applauded in associated empirics (Ghasemi & Zahediasl, 2012; Hair *et al*., 2020) [18, 19], the foregoing statistical results are substantiated by significant and quite robust regression output [R^2 – (0.786)] and [Adjusted R^2 – (0.749)] values.

7.4. Indirect (Mediation) Effect Review

Drawn from foundational theory-literature-practice triangulation, it had also been stated as Hypothesis 4 of this study that surrounding government layers mediate apparent macroeconomic policy politics-fiscal federalism structure linkages in local government activities. As revealed in Table 2, related conventional regression statistical-analysis (Yin, 2003; Babbie, 2010; Nahm, 2016; Komil-Burley, 2021) [5, 25] results; (β =.574, $p < 0.01$), indicate that engaged data categorically support that proposition.

In order to authenticate the foregoing regression analysis status, data were also subjected to the claimed more-grounded approach; bootstrapping (Efron, 2000; Chernick, 2011; Sharma & Kim, 2013) [10, 16]. Mediation results from the structural equation modeling (SEM)-based technique; bootstrapping, are methodologically considered robust, practically very effective and more reliable than those in the customary regression analysis approach (Chernick, 2011; Sharma & Kim, 2013) [10].

As depicted in Table 2, Hypothesis 4-related bootstrapping results stand as follows: 95% CI [-0.017] ↔ [-0.085]. Specifically, 2500 sub-samples were drawn from the available study data and statistically generated a (0.10) effect size and a 95% bias-corrected confidence interval (CI). According to related literature; particularly the Efron (2000) [16]-Sharma and Kim (2013) works, given that the 95% CI [-0.017] ↔ [-0.085] range contains no zero value therein; it means that the investigated government layers factor practically mediates locality macroeconomic policy politics-fiscal federalism structure connections. Moreover, these bootstrap results also confirm the initial regular regression analysis findings (β =.574, $p < 0.01$).

In sum and based on the statistical analysis executed in this research, the notable finding is that: in broad terms, macroeconomic policy politics hold some causality influence on fiscal federalism structure that governs majority local governments. However, as emphasized in the Miodownik and Cartrite (2010)-Moynihan *et al*. (2012) [23]-Albalate (2013) [3] studies, this influence is tenable only when a proficiently-manageable level of underlying government layers is granted efficient mediation opportunity to contribute in that relationship.

8. Discussion

Like what transpires in most scholarly works, much as a number of the findings generated in this particular study underpin previous empirical evidence, some of them are quite novel in setting. In the investigation's Hypothesis 1, it had been projected that society income support; the first predictor macroeconomic policy politics construct, associates positively with fiscal federalism structure. Conventionally, the structure controls sub-national entities in majority federalized economies globally. Incidentally administered data likewise extend support to the proposition.

The research results corroborate opinions in the closely-related previous (Khan *et al*., 2003-McConnell, 2015-Dunlop & Radaelli, 2018-Fitz Verploegh *et al*., 2022-Howlett, 2022) [17] empirics. This then implies that the governing theory-literature-policy-practice triangulation needs to acknowledge the critical relevance society income support practically contributes in a viable fiscal federalism structure mechanism.

In Hypothesis 2, the proposal states that in standard entities local business overhaul relates positively with the governing fiscal federalism structure. The survey's statistical results reflect support from underlying data. As it had been collectively pinpointed in the Deaton and Paxson (2000) [12]-International Monetary Fund (2013)-Weaver (2015)-Dunlop (2017) works, this practically implies that in conventional local governments; especially those in developing nations, community businesses should be regularly motivated. The outcome will definitely boost the parental fiscal federalism setup meant to engender future political-economy development.

Additionally, on the basis of the (Schmitt-Grohe & Uribe, 2004; Athey *et al*., 2005; Hudson *et al*., 2019; Howlett & Leong, 2022; Leong & Howlett, 2022) [21] joint literature, Hypothesis 3 of this study was composed. Much as the proposition stated that in regular localities the macroeconomic policy politics attribute; inter-entity promotion holds positive linkages with fiscal federalism structure, ultimate findings reveal a contrary data standpoint. The outcome is possibly realistic in Sub-Saharan Africa entities notably those of Uganda.

While governing regulations typically emphasize inter-entity collaborations, in practice this is rarely observed. Specifically, the Athey *et al*. (2005) [4] and Leong and Howlett (2022) research identifies corruption, tribalism, and pre-mature partisan politics as key drivers to the regulatory requirements-observation malfunction.

Finally, in Hypothesis 4 it had been depicted that in classic locality administration efforts the factor government layers virtually mediates surrounding macroeconomic policy politics and fiscal federalism structure connections. In compliance with the Miodownik and Cartrite (2010)-Moynihan *et al*. (2012) [23]-Albalate (2013) [3] related investigations; results of this particular research also highlight underlying data support to this projection. What then this implies is that the number of entities central government should create and administer should be quite fair no matter the vote-seeking partisan-politics related motives (Moynihan *et al*., 2012) [23].

9. Theory-Literature-Practice Implications

Just like what commonly transpires in typical empirical surveys, this locality macroeconomic policy politics-government layers-fiscal federalism structure triangulation exploration naturally holds some implications to surrounding theory-literature-practice machination. This is particularly so in related apparently-scanty knowledge body habitant in largely developing nations such as those of Sub-Saharan Africa in which the research was conducted.

Thus, in order to effectively impact the theory-literature-practice set-up by employing robust statistical results, the reputable cross-sectional research design (Nahm, 2016; Mishra & Pandey, 2018) approach was adopted. As per Nahm (2016) guidance, appropriate qualitative and quantitative data were gathered and then analyzed by means of the stout SPSS and AMOS (SEM-bootstrapping) electronic packages.

Musgrave (1959) [24]-Oates (2006)-Kesner-Skreb (2009); renowned fiscal federalism theorists, are first appraised for the input imparted on existant knowledge body and globally-managed political economy practice. However, as related empirics; notably Devarajan *et al*., (1997) [13], Howlett and Leong (2022) and Tremblay (2023) and the findings of this particular study reveal, upcoming fiscal federalists should recognize contemporary society developments. This is specially so in regard to current developing-developed nations' interactions and the reality that underlying political and economic linkages are significantly influenced by fiscal federalism (Howlett & Leong, 2022).

Besides, this specific research is possibly very novel in deeply-investigating entity related macroeconomic policy politics-government layers-fiscal federalism structure apparent connections. This is especially for the linkages in federalism developing states like those of Sub-Saharan Africa such as Uganda. Naturally, its findings and write-up impact related past, current and upcoming scholarly works and literature as they reveal what transpires in several modern local governments.

The outcome of this particular study is a benchmark for local government operations and parental policy in that it has disclosed surrounding macroeconomic policy politics-government layers-fiscal federalism structure connectivity. Ideally, as previously underlined in the McConnell (2015)-Dunlop (2017)-Leong and Howlett (2022) literature, authorities need to act sensitively in order to competently observe governing policy. Besides it also helps in executing required fiscal federalism by seriously observing the politics emanating from macroeconomic policy and the seriousness of related government layers (Dunlop, 2017).

10. Study Limitations and Prospective Research

In practice, efficiently observing fiscal federalism structure requirements has been and still remains a big challenge to majority local governments in most federalism countries. As noted earlier, renowned scholars like Deaton and Paxson (2000) [12], Albalate (2013) [3], Hudson *et al*. (2019) [21] and Fitz Verploegh *et al*. (2022) [17] claim macroeconomic policy politics-government layers triangulation is the one responsible.

With lack of perquisite knowledge in typical localities, thus the biggest first challenge experienced in executing this specific research was accessing appropriate related data. However, as suggested in the Babbie (2010) [5]-Nahm (2016)-Komil/Burley (2021) works, a humble and rapport approach was employed and pertinent data in suitable quantity were collected.

Secondly, given that a cross-sectional and snapshot design was employed in methodologically-undertaking the study (Nahm, 2016; Mishra & Pandey, 2018), it was also quite challenging to easily execute the investigation. This is on the ground that naturally, macroeconomic policy politics-government layers-fiscal federalism structure linkages in majority African-based local governments including those of Uganda are very complex.

Thus, as suggested in the Chernick (2011) [10]-Ghasemi and Zahediasl (2012) [18] empirics, alternative longitudinal approach could have been employed albeit Mishra and Pandey (2018) associate it with abnormal tenure and very questionable outcomes.

On the basis of the foregoing study limitations background, we therefore recommend that upcoming studies surrounding locality macroeconomic policy politics-government layers-fiscal federalism structure connections need to be extremely systematic. Possibly, the Chernick (2011) [10]-Ghasemi and Zahediasl (2012) [18] longitudinal design may be employed if it can meaningfully handle this complicated machination obtaining in largely pre-mature federalism nations.

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