EFFECTIVENESS OF THE FACTORS INFLUENCING REVENUE COLLECTION EFFICIENCY IN LOCAL GOVERNMENT OF TANZANIA: THE CASE OF DODOMA CITY.

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Master's Degree in Accountancy

Institute of Accountancy Arusha

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CERTIFICATION

I, the undersigned, certify that I have read and hereby recommend for acceptance by Institute of Accountancy Arusha, research entitled: Factors Influencing Revenue Collection Efficiency in Local Government of Tanzania: The Case of Dodoma City, Dodoma Region, in partial fulfillment of the requirements for the Master Degree of Accountancy of the Institute of Accountancy Arusha in 2023.

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(Supervisor)

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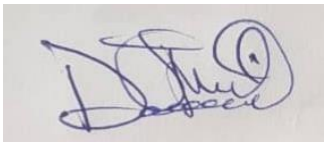
DECLARATION

I, **David John Mmary,** do hereby declare that this dissertation is my own original work and that it has not been presented and it has not been submitted for a similar degree in any other University.



Signature

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DEDICATION

I dedicate this Dissertation to my beloved wife Angella Noel Madinda and my Children Dayrene David Mmary, Darian David Mmary and David David Mmary. But to my parent, John Elias Mmary and Evamary Jonathan Munuo. Without forget my best friends Sister Mrs Dr Galinoma Lubawa (Isabella Lubawa) and Dr. Maclean Mwamlangala, for their moral support, patience and encouragement for the whole period of my study.

LIST OF ACRONYMS

COSTECH	Tanzania Commission for the University
GDP	Gross Domestic Product
LGA	Local Government Authority
OECD	Organization for Economic Cooperation and Development

ABSTRACT

The study intended to assess the effectiveness of revenue collection efficiency in Tanzania; With this regard, the study came up with three objectives, namely; to identify factors influencing revenue collection efficiency in Dodoma city, to examine the perception of the effectiveness of revenue collection system in Dodoma city, to identify challenges facing Dodoma city council in revenue collections. The study adopted a cross-sectional research design. Data collection involved questionnaire, which included 80 respondents, an In-depth interview, Focus Group Discussion. The researcher analyzed surveyed data through the IBM-SPSS 20.0 computer software. The study results found that, technology, education, administrative capacity, commitment and other are very important in revenue efficiency collections to the government. Furthermore, the study found that the perceptions of many respondents reported that Dodoma city had inefficiency of revenue collections system. Moreover, the study found that revenue collections agents are effective in revenue collection process comparing to others like Dodoma City Council. But also, the study found that there are many reasons which cause inefficiencies of revenue collections like lack of qualified, competent man power and unwillingness to pay revenue to mention few. Lastly, the study observed that Dodoma City Council faces many challenges in implementing efficiency of revenue collections like poor data management, tax compliance, technology infrastructure, legal and regulatory framework, and political interference to mention few. The study recommended that, the government under the Ministries of Local Government Authority and Finance must provide trainings, skills and education on important of tax paying to businessman's, and quick strategies of addressing challenges facing effectiveness of revenue collections efficiency in Tanzania.

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CHAPTER ONE

1.0 Introduction

This chapter introduces the background of the study, statement of the problem, research objectives and research questions, significance of the study, the scope of the study and limitations of the study.

1.1Background of the Problem

Globally, revenues in the countries have great importance in social, economic and political development (Mahenge, 2023; Okunogbeand Santoro, 2023). It has benefits in planning and implementation of socio-economic services such as health, water, education and others (Ali, 2023). The government struggles much to fulfill high demand for social economic services which calls for huge expenses to be financed by various sources internal revenues inclusive (Pamba, 2023). For example, tax revenue collection as a share of Gross Domestic Product (GDP) is only 15 to 20% in lower- and middle-income countries (Myovella et al., 2020). This implies that developing countries have less tax revenue to spend on public goods such as infrastructure and good governance (Myovella et al., 2020; Pamba, 2023). Closing this gap is not as easy as it may seem to be superficially because is caused by a choice of low tax rates and more by challenges associated with tax collection in developing countries; informality and misreporting, by both workers and firms (Solomon, et al., 2020; Pamba, 2023).

Africa like other continents in the world faces similar challenges of government revenues collections. These challenges generate a vicious cycle, where developing countries remain poor because they are unable to mobilize revenue to invest in public goods (Wadesango, et al., 2020; Ali, 2023). In

Sierra Leone, Kenya, Uganda, Zambia and other African countries there is similar revenue collection inefficiencies. For instance, property taxes can be very costly to administer (Kenani, et al., 2021; Pamba, 2023), and the enforcement of user fees has resulted in widespread resistance to pay from the poorer segments of the urban population in some countries (Ali, 2023). Moreover, complex business licensing systems have proved to be major impediments for the start-up and expansion of especially micro and small enterprises (Ali, 2023). However, experiences from other regions show that when well administered, these revenue instruments can provide substantial and reliable revenues for urban municipalities.

Tanzania like other countries in Africa, experiences the same challenges of lack of efficiency in collection of government revenues (Sausi et al., 2021; Mahenge, 2023). This is evidenced by the huge gap between reported and projected revenues in most councils (Tlegray et al., 2022). It can be shown by Chindengwike and Kira, (2022) that poor administrative capacity to assess the revenue base, poor administrative capacity to enforce the taxes, explicit and intentional tax evasion and resistance from taxpayers affects the efficiency of revenue collection in many African countries (John, 2017; Chindengwike and Kira, 2022; Tlegray et al., 2022). Additionally, Mahenge, (2023) argued that corruption, including embezzlement of revenues, external pressure on the local finance department to provide optimistic projections; and political pressure on the local tax administration to relax on revenue collection lead to poor standard of revenue collections in many governments institutions.

Furthermore, Dodoma region like other regions in Tanzania face many challenges in revenue collection like infrastructure system, corruptions, tax policies, behavioral of tax payers and others, all these have made Dodoma region under local government authority to fail in enhancing proper revenue collection (Mahenge, 2023). Thus, this study intends to assess the factors influencing revenue collection efficiency in local government of Tanzania: the case of Dodoma city, Dodoma region

1.2 Statement of the Problem

Revenue collection is a critical aspect of local government finance, as it plays a crucial role in financing public services in Tanzania, such as infrastructure, healthcare, education, and social welfare (Sausi et al., 2021; Mahenge, 2023). The local governments within the country are responsible for collecting various types of revenue, including taxes, levies, and fees, to fund their activities (Tlegray et al., 2022). However, revenue collection efficiency remains a significant challenge, especially in Dodoma City, the capital of Dodoma Region. These numerous challenges in collecting revenue are such as inadequate staffing, inadequate revenue management practices and systems, and low compliance rates among taxpayers (Chindengwike and Kira, 2022) Additionally, there is a lack of political will and commitment to improving revenue collection efficiency, further exacerbating the problem, hindering its ability to provide essential public services to the public (Tlegray et al., 2022; Myovella et al., 2020).

These factors affected most regions in Tanzania, for example, in 2019, the Dodoma City Council set a revenue collection target of TZS 22.7 billion, which was an increase of TZS 4.7 billion compared to the previous year. However, the city only managed to collect TZS 16.8 billion, which

was below the set target. In 2020, the revenue collection target was set at TZS 26.3 billion, but due to the COVID-19 pandemic's impact on the economy, the city only collected TZS 17.8 billion, which was again below the set target. In 2021, Dodoma City set a revenue collection target of TZS 34.8 billion, which was a significant increase compared to the previous years. However, the city managed to collect TZS 26.2 billion, which was again below the set target (Dodoma Revenue Report, 2021)

The problem lies in the limited information on the factors influencing revenue collection efficiency in the local government of Tanzania, particularly in Dodoma City, Dodoma Region. While there have been several studies conducted on revenue collection efficiency in local governments in Tanzania, most of them have focused on urban areas, such as Dar es Salaam, Arusha, and Mwanza, leaving out the smaller towns and cities. This gap in the literature makes it difficult to understand the unique challenges faced by local governments in smaller cities, such as Dodoma City, and to develop targeted interventions to improve revenue collection efficiency. This knowledge gap makes it difficult for policy makers to develop evidence-based policies and strategies to improve revenue collection efficiency in the city. Thus, this study intends to assess the factors influencing revenue collection efficiency in local government of Tanzania: the case of Dodoma city, Dodoma region

1.2.1 General Objective

This study intends to assess the factors influencing revenue collection efficiency in local government of Tanzania: the case of Dodoma city, Dodoma region**.**

1.2.2 Objectives

i. To identify factors influencing revenue collection efficiency in Dodoma city ii. To examine the perception of the effectiveness of revenue collection system in Dodoma city iii. To identify challenges facing Dodoma city council in revenue collections

1.2.3 Questions

i. What are the factors influence revenue collection efficiency in Dodoma city?

ii. What are the perceptions on revenues collection systems in Dodoma city?

iii. What are challenges facing Dodoma council in revenue collection?

1.3 Significance of the research

This research is significant for a number of reasons. First, revenue collection is a most strategic approach which is used by most countries in the world to increase fund for social, economic and political development. Second, this studies provided insights into tax payer's experiences, knowledge and skills on the role of been involved in paying tax to the government. Furthermore, this study provided information on the, knowledge of the factors and suggested solutions from the research report which help Local government authorities to build the strong revenue collection tools (policies, process, laws, systems, procedures) and approaches so as to increase the efficiency of revenue collection in Dodoma city.

1.4 Limitations of the Study

One expected academic limitations of this study was confidentiality of some data or information's, poor response from some respondent's officers. To address these limitations, the study ensured the respondents on the confidentiality and ethics that information provided by respondents was for academic purpose only. Moreover, the study triangulated information from other written document like books, reports and other so as to fill gaps that were not provided by respondents.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter is organized into four sections. The first section defines the key concepts used in this study, while the second section highlights the theories informing the study. The third section presents the empirical literature related to this study. The fourth section presents the research gap and the last sections offers the conceptual framework.

2.1 Conceptualization of key term

2.1.1 Revenue

Revenue is the income generated by a company or business from its sales or operations over a specific period of time (Kenani, et al., 2021). It is the total amount of money that a business earns before any expenses, taxes, or other deductions are taken out. Revenue can come from the sale of products or services, as well as from other sources such as investments or rental income (Wadesango, et al., 2020; Ali, 2023). It is an important metric used by businesses to measure their financial performance and profitability. In the context of this study revenue means income generated by Local Government Authority in Dodoma city through revenue collected form taxpayers of the business.

2.1.2 Revenue Collection

Revenue collection is the process of collecting income, such as taxes or fees, from individuals or businesses by a government agency or organization (Kenani, et al., 2021; Ali, 2023). Revenue collection is a critical function for governments as it provides the necessary funding to operate and provide services to its citizens (Okunogbeand Santoro, 2023)

Revenue collection can take various forms depending on the type of income being collected and the entity responsible for collecting it. For example, a government agency may collect taxes from individuals and businesses, while a public utility may collect fees for its services (Pamba, 2023). The revenue collection process typically involves several steps, including identifying the individuals or businesses that owe money, issuing invoices or bills, collecting payments, and tracking the payment status. Effective revenue collection requires a well-designed system that is efficient, transparent, and fair to all taxpayers (Myovella et al., 2020).

2.1.3 Revenue Collection System

Revenue collection systems refer to the processes and mechanisms put in place by governments or organizations to collect funds or income from various sources such as taxes, fees, tariffs, and other revenue streams. These systems are crucial for the functioning of governments and public services, as they provide the necessary funds to finance public expenditures and investments (Myovella, et al., 2020)

2.1.4 Local Government Authority

A Local Government Authority (LGA) is a governing body that is responsible for the administration of a particular geographic area at the local level. LGAs are usually established by national governments to provide local services and governance to communities within their jurisdiction (Myovella et al., 2020; Ali, 2023). The specific responsibilities of an LGA can vary depending on the country and its legal framework. In general, LGAs are responsible for providing essential public services such as water supply, sanitation, waste management, public transportation, and public safety (Ali, 2023). They may also have the authority to collect taxes, impose fees, and issue permits or licenses within their jurisdiction. In many countries, LGAs are governed by elected officials, such as mayors, councilors, or commissioners, who are responsible for making decisions on behalf of the community they represent. LGAs play an important role in ensuring that the needs of their communities are met and that local resources are managed in an efficient and effective manner (Kenani, et al., 2021).

2.2 Theoretical Review of the Study

2.2.1 Public Finance Theory

The origin of public finance theory can be traced back to the ancient times, where discussions on the role of government and public expenditure were already taking place. However, the modern foundation public finance theory emerged during the late 18th and early 19th century. One of the key figures in the development of public finance theory is Adam Smith, often considered the father of modern economics in 1776. The theory claims that, the government's role in managing public resources, including revenue collection and expenditure. This theory suggests that governments have the responsibility of ensuring the provision of public goods and services that promote social

welfare and economic growth (Hines, 2007). In this regard, efficient revenue collection is critical for the financial sustainability of local governments and other institutions and the provision of essential services to citizens (Vasudevan. 2020; Ali, 2023).

However, the theory has its limitations or critics: Firstly, it relies on oversimplified assumptions about human behavior and market conditions. It often assumes rational and self-interested individuals, perfect information, and efficient markets, which may not accurately reflect real-world complexities. Secondly, the theory overlooks the possibility of market failures, such as externalities (spillover effects) and public goods (Musgrave, 1989). It assumes that markets are always efficient and fail to acknowledge the need for government intervention to address these market failures (Sah, 1983). Thirdly, it assumes that government intervention can correct market failures; critics argue that it overlooks the potential for government failure. They point out that governments are not immune to inefficiency, corruption, bureaucratic red tape, and misguided policies, which can lead to suboptimal outcomes and unintended consequences (Musgrave, 1989)

The study used this theory of public finance because it gives information's on related attributes that address issues on how government manage, control revenues in the countries and how taxation is being regulated in market practices according to the supply, demand and prices (McCaffery, 2003). But also, the theory provides information's on the management of income and expenditure by optimum utilization of the resources, managing the growth and price stability in the economy. Therefore, the public finance theory is a comprehensive framework for understanding how governments manage public resources, including revenue collection and expenditure. Theory is

practical and relevant, interdisciplinary approach; wide applicability, policy implications, and longstanding history make it a valuable guide for this study.

2.2.2 Tax Morale Theory

The theory of Tax Morale Theory (TMT) was developed by economics Lars Feld and Bruno Frey in 2000s. They developed the concept to describe the voluntary compliance behavior of individuals and societies in paying taxes. They defined tax morale as the intrinsic motivation to pay taxes, driven by a sense of civic duty, fairness, and trust in the government (Kaplow, 1994). Furthermore, the theory was also associated with multiple scholars over the years; one prominent figure was Erich Kirchler an Australian economist and psychologists conducted extensive research on tax compliance and tax morale, seeking to understand why individuals willingly comply with tax obligations and what factors influence their willingness to pay taxes (Krishna, 2003). Kirchler's work explores the psychological and sociological factors that shape people's attitudes, beliefs, and behaviors towards paying tax (Tabellini, 2000).

The theory has its limitations or critics argue that tax morale theory primarily focuses on individuallevel factors and overlooks broader socio-economic and institutional factors that influence tax compliance. They argue that tax morale alone may not adequately explain compliance behavior, as other factors such as enforcement, complexity of tax laws, and perceived fairness also play significant roles (Krishna, 2003). But also, tax morale theory places too much emphasis on moral and psychological factors, assuming that individuals' intrinsic motivation and moral values are the primary drivers of tax compliance (Hines, 2007). They argue that this perspective overlooks the role of external incentives, enforcement mechanisms, and economic considerations in shaping

compliance behavior (Kaplow, 1994). Furthermore, tax morale theory may not adequately account for cultural and contextual variations in tax compliance behavior. Different societies and cultures may have different attitudes and norms towards taxation, and these variations may not be fully captured by a universal tax morale framework (Sah, 1983).

In spite of the critics of the theory, this study was guided by Tax Morale Theory (TMT) too because it provide the base of designing proper methodological analysis on measurement of sociological and psychological factors which answers the objectives of the study. But also, the theory provides information's on how intrinsic and extrinsic behavior affect the collections of tax so as to increase government revenues and expenditures.

2.3 Empirical Review

2.3.1 Public Sources of Revenue

Most countries in the world raise tax revenue through a mix of individual income and taxes, taxes on goods and services, and property taxes, corporate income taxes, social insurance taxes. However, the mix of tax policies can influence how distortionary or neutral a tax system is important in raising government revenues (Ali, 2023). Taxes on income can create more economic harm than on consumption and property (Pamba, 2023). However, the extent to which an individual country relies on any of these taxes can differ substantially. A country may decide to have a lower corporate income tax to attract investment, which may reduce its reliance on corporate income tax revenue and increase its reliance on other taxes, such as social insurance taxes or consumption taxes (Myovella et al., 2020). For example, in 2019, Lithuania raised only 5.2 percent of total revenue from corporate income taxes, but a combined 70.4 percent of total revenue come from social insurance

taxes and consumption taxes (Solomon, et al., 2020). Many countries in the world may own natural resources that allow them to get taxes from the production of timber as economic activity (Wadesango, et al., 2020; Ali, 2023). For instance, Norway has a substantial oil production industry on which it levies a high (78 percent) income tax and thus raises a significant amount of corporate income tax revenue. However, Asia's main sources of tax revenue in 2019 were consumption taxes and corporate income taxes. These sources' share in the revenue mix is above the OECD average. This has made Asia, collect only 13.6 % of its total revenue from income taxes and 12% from social insurance taxes both below the OECD average (OECD, (2019; Kenani, et al., 2021).

In 2019, consumption taxes were Africa's main source of tax revenue, accounting for 51.9 percent of its total tax revenue, above the OECD average of 32.3 percent. Africa also relied more on corporate income taxes and other taxes than the OECD average. Africa's share of social insurance taxes and individual taxes was far below the OECD averages for these two sources of revenue (Table 1)

Tanzania like other countries in Africa increases its revenues so as to improve social, economic and political development. In addressing challenges facing the country like lack of social services, lack of infrastructure and others (OECD, 2019) the government has used different sources of collection of revenues like sales, fees, rentals and leasing, advertising, grants and subsidies, donations and contributions, licensing and franchising (Kenani, et al., 2021). These are just a few examples of common sources of revenue, and local government authority may generate revenue from a combination of these sources or others that are specific to their industry or business model

(Wadesango, et al., 2020)

Table 1: **Sources of Tax Revenue by Region or Group, 2019**

Region/ Group	Individual Taxes (%)	Corporate Taxes (%)	Social Insurance Taxes (%)	Property Taxes (%)	Consumption Taxes (%)	Others (%)	Number of countries covered
OECD	24.0	9.6	25.7	5.6	32.3	2.9	37.0
Europe	23.0	7.8	29.5	4.4	33.7	2.5	29.0
Asia	13.0	25.8	12.0	5.0	38.9	4.7	11.0
North America	14.2	13.9	16.5	4.1	47.5	6.4	17.0
Africa	17.5	19.2	7.2	1.6	51.9	5.2	30.0
South America	7.3	15.9	18.6	4.4	48.5	5.3	10.0
Oceania	24.4	13.0	0.0	2.4	56.1	7.8	10.0

Source: OECD, (2019)

2.3.2 Factors Influencing Revenue Collection Efficiency

Globally, revenue collection factors are influenced by a range of economic, political, and social factors that are unique to the region. Thus, there is a great deal of research and analysis on the factors that influence revenue collection around the world. For instances, countries like Australia, U.S.A, Latin America and developing countries like African countries experience similar factors that influence the efficiency of revenue collections (Gaspar et al., 2019). Therefore, the collection of revenue can be influenced by a number of factors, including: Economic conditions, Tax policies, Compliance levels, Enforcement mechanisms, administrative capacity, Political stability, public perception and other (Nguyeni et al., 2022). These are just a few examples of the factors that can influence the collection of revenue. Other factors, such as demographic factors, cultural factors, and technological advances, can also impact revenue collection (Chindengwike and Kira, 2022). Effective revenue collection requires a comprehensive understanding of the factors that influence revenue collection and the development of strategies to address these factors.

For example, Kenya under its local governments face the constraints in the efficiency of revenues collections like inadequate revenue collection tools, equipment and machines (82%); inadequate capacity of the debt collection unit to follow taxpayers who default or delay in making payments (68%); poor tax education/awareness within the county (63%); below par adoption of information and communications technology systems combined with the prevalence of manual revenue collection in making payments (58%); inadequate staff numbers to collect the fees and charges (53%); and lack of legal framework (policies, rules and regulations) for collection of all the revenue streams (51%). These factors have affected Botswana too, leading to a decrease in tax revenues

collection efficiency as a percentage of GDP between 2010 and 2020, from 15.8% to 12.4% (OECD/AUC/ATAF, 2022).

Moreover, many scholars, practionners, and academicians have proved that, the collection of revenues from different sources are essential for human development (Solomon, et al., 2020). This is because taxes are not just an important source of revenue for the state budget but also an economic growth, equitable distribution, and social stability (Baum et al., 2017 Moore, 2020). Similarly, the importance of taxation, determining factors with a potential impact on tax revenue are necessary and thus of interest to economists. Thus, experiences show that, factors that influence tax revenue in 34 member countries in the Organization for Economic Cooperation and Development (OECD) from 2001 to 2011 indicate that Gross Domestic Per capita and manufacturing have a positive influence on tax revenue collection. Furthermore, Imam and Jacobs (2014) investigated the factors that influence tax revenue in 12 Middle Eastern countries from 1990 to 2003 shows that inflation has a positive influence on tax income, whereas GDP per capita has a negative effect.

In the same vein, Tanzania like other countries in Africa has experienced similar constraints on factors influencing efficiency of revenues collections. Some of the challenges the Local Government of Tanzania faced in improving local revenue generation are unwillingness on the part of the taxpayers to meet tax obligation, low pace of development and political considerations (Wadesango et al., 2020).Most studies in Tanzania has shown the effects, impacts on revenue collections (Sausi et al., 2021; Tlegra et al., 2022). However, they did not did on the factors influencing revenue

collection efficiency in their study areas. Thus, this study intends to assess the factors influencing revenue collection efficiency in local government of Tanzania.

2.3.3 Revenue Collection System and Mechanisms

Worldwide an efficient national revenue collection system is the hub of every public administration system and the cornerstone of sound fiscal management (Okunogbe and Santoro, 2023). It enables governments to finance budget deficits from domestic sources, thus dissuading recourse to offshore sourcing (Baum et al., 2017; Forstater, 2018). Therefore, the specifics of revenue collection systems can vary significantly from country to country, depending on factors such as the level of economic development, tax policies, legal frameworks, and administrative capacities (Forstater, 2018). However, there are some common elements and best practices observed in revenue collection systems worldwide. Here are the key components:

1. Taxation: Taxes are a primary source of revenue for most governments. They can include income tax, corporate tax, value-added tax (VAT), sales tax, property tax, customs duties, and various other forms of taxes. Tax laws and regulations govern the imposition, calculation, and collection of taxes.
2. Registration and Identification: Taxpayers are required to register with the revenue authorities and obtain a unique identification number. This helps in maintaining a database of taxpayers and enables effective monitoring and compliance enforcement.

3. Filing and Reporting: Taxpayers are typically required to file periodic tax returns, reporting their income, deductions, and tax liabilities. These returns can be submitted electronically or through physical forms. The accuracy and completeness of the information provided are crucial for determining tax liabilities.
4. Compliance and Auditing: Revenue authorities monitor compliance with tax laws and regulations. They conduct audits and investigations to ensure that taxpayers are accurately reporting their income and paying the correct amount of taxes. Compliance initiatives may include risk-based assessments, data analytics, and information sharing between tax authorities.
5. Payment Mechanisms: Revenue collection systems provide various methods for taxpayers to make payments, including online platforms, bank transfers, checks, and cash payments. Electronic payment systems are increasingly being adopted to enhance efficiency and reduce the risks associated with cash handling.
6. Enforcement and Penalties: Governments employ enforcement measures and penalties to encourage compliance and deter tax evasion. These can include fines, interest charges, asset seizures, and legal action. Stricter penalties are often imposed for deliberate or fraudulent evasion.
7. Information Exchange and Cooperation: In an increasingly globalized world, revenue authorities engage in international cooperation and information exchange to combat tax evasion and base erosion. This includes sharing taxpayer information with other countries through tax treaties and agreements.

8. Technology and Automation: Revenue collection systems are increasingly leveraging technology and automation to streamline processes, enhance efficiency, and reduce administrative costs. This includes the use of digital platforms, data analytics, artificial intelligence, and machine learning to improve taxpayer services, detect non-compliance, and strengthen revenue administration.

Improving domestic revenue mobilization, especially among developing countries, has gained renewed attention over the past few years (Forstater, 2018, Besley and Persson, 2014, Moore, 2013). This has been attributed to a number of factors including: the increasing demand for financing to meet development goals; debt sustainability concerns arising out of persistent and widening fiscal deficits; as well as growing recognition of the importance of taxation for growth and redistribution (Baum et al., 2017, Lane and Harris, 2018). Moreover, broadening and deepening the tax base can serve as a catalyst for broader improvements in government accountability, responsiveness, and institutional capacity (Baum et al., 2017).

It is true that countries development seeks to bring about quality improvement in the lives of the citizenry (Baum et al., 2017). Its outcome is not merely growth in the economic sense but is closely related to the notion of quality of life (Ruttan, 2001). It is a dynamic process which empowers people and promotes important changes in their lives. However, for development to occur, it requires an educated population, physical and financial resources. In pursuance of this, governments, all over the world, have initiated several mechanisms aimed at improving the wellbeing of its people through the collections of revenues. One such approach is the adoption of centralization which focuses all political power and government responsibility into the hands of a single authority (Mawejje and

Sebudde, 2019). Experience in Africa, particularly in Ghana has the LG Act 1961 (Act 54) gives authority to the District Assemblies (DAS's) to mobilize and manage revenues locally to fund their developmental projects and other operations. In support, the Ministry of Local Government and Rural Development (MLGRD, 2008) indicates that Internally Generated Funds (IGFs) are the only funds which the DAs have total control over.

Generally, there are various revenue collection mechanisms used by governments or other organizations to collect income from various sources. The mechanisms involved in revenue collections can vary depending on the type of organization and the sources of revenue, but some common mechanisms include ; Invoicing, Direct payments, Third-party collection, Auctions and sales, Voluntary compliance programs, Education and awareness campaigns. These are just a few examples of the mechanisms involved in revenue collections (Sausi, et al., 2021). Therefore, specific mechanisms used may vary depending on the organization and the sources of revenue being collected (Occhiali, et al., 2022). It's important to note that revenue collection systems can be complex and subject to ongoing reforms and updates to adapt to changing economic, social, and technological landscapes. Governments continually assess and refine these systems to improve effectiveness, reduce administrative burdens, and promote voluntary compliance.

2.4 Research Gap

The existing literature on revenue collections in many institutions has primarily focused on roles, effects, factors affecting and impacts of revenue collection to the institutions like Okunogbe and Santoro, (2023) who examined increasing tax collection in African Countries, Sausi, et al., (2021), "Evaluation of local government revenue collection information system success in Tanzania and Ali (2023) study on The importance of tax awareness for effective tax revenue. However, there is a clear gap in our understanding of how factors influencing efficiency of revenue collection increase government revenue in Tanzania. Specifically, there is a lack of studies that assess the factors influencing the efficiency of revenue collections in local government Authority, Dodoma region in particular. Therefore, this study aimed to fill this gap in the literature by assessing factors for efficiency of revenue collections employed by Dodoma city, in Dodoma region that have a great influence on the local government revenue collection.

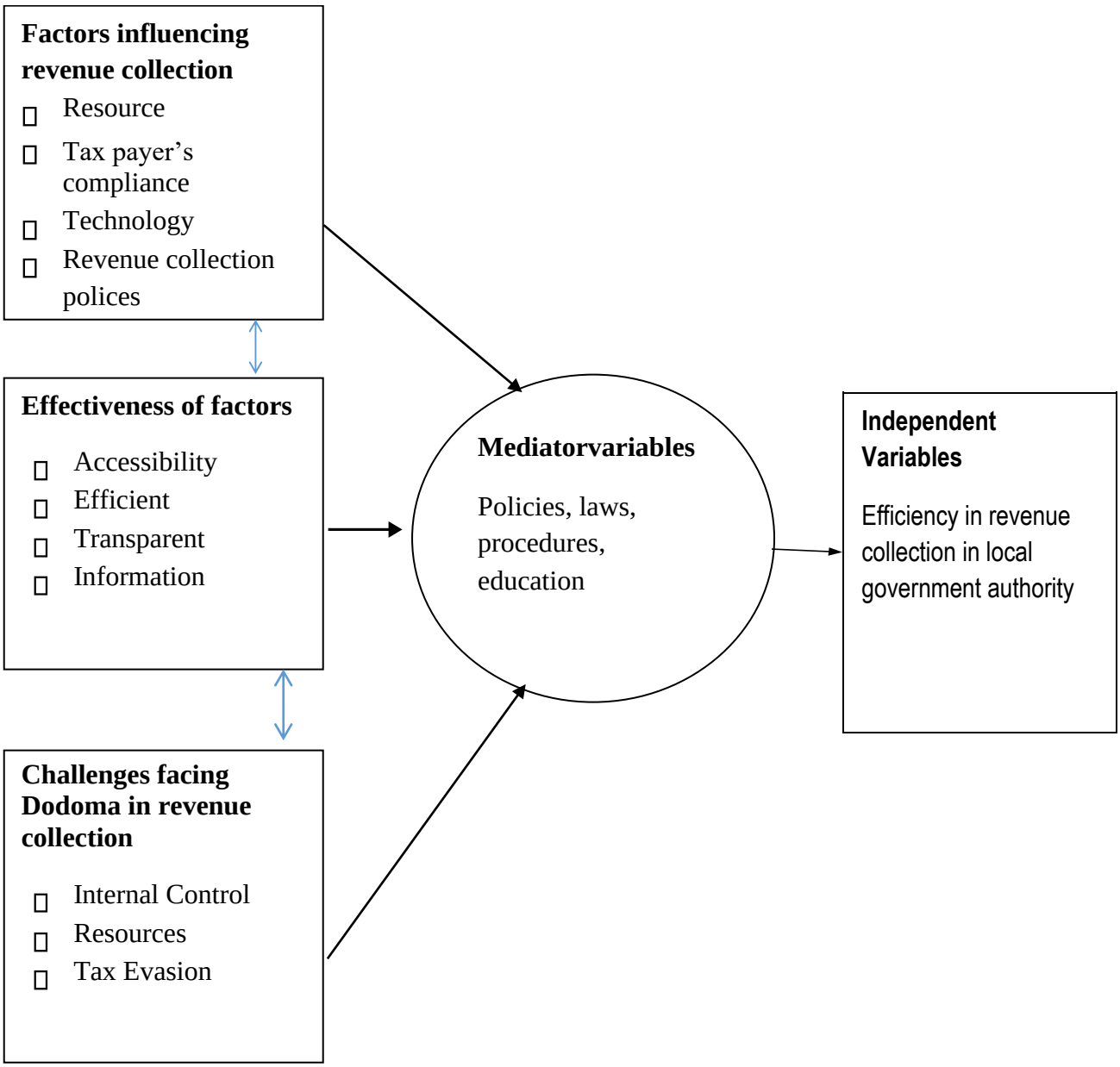
2.5 Conceptual Framework

The conceptual framework for this study on revenue collection efficiency in Dodoma City, Tanzania, is illustrated below: (Figure 1). It consists of four main constructs: Revenue Collection Efficiency, Revenue Collection Factors, Revenue Collection System, and Local Government Performance. Revenue Collection Efficiency is the dependent variable in this study, and it refers to the effectiveness of revenue collection in generating sufficient revenue to support the local government's operations and service delivery. Revenue Collection Efficiency is influenced by three main factors: Taxpayers' Compliance, Revenue Collection Policies, and Revenue Collection

Technology. Taxpayers' Compliance refers to the willingness of taxpayers to comply with tax laws and pay their taxes. It is influenced by factors such as tax morale, tax fairness, and trust in government. Revenue Collection Policies refer to the rules and regulations governing the collection of revenue, such as tax rates, tax exemptions, and tax incentives. Revenue Collection Technology refers to the systems and tools used for revenue collection, such as electronic payment systems, tax information systems, and audit tools.

Revenue Collection System is the mediator variable that links Revenue Collection Factors to Revenue Collection Efficiency. It refers to the processes, procedures, and systems used for revenue collection. An effective Revenue Collection System should be transparent, efficient, and accessible to taxpayers. Local Government Performance is the outcome variable in this study, and it refers to the overall performance of the local government in providing public goods and services to the community. Revenue Collection Efficiency is expected to have a positive impact on Local Government Performance, as it provides the financial resources necessary for the local government to fulfill its mandate.

In summary, the conceptual framework illustrates how Revenue Collection Factors are Taxpayers' Compliance, Revenue Collection Policies, and Revenue Collection Technology, influence Revenue Collection Efficiency through the mediator variable, Revenue Collection System. The ultimate goal of this study is to determine the impact of Revenue Collection Efficiency on Local Government Performance in Dodoma City, Tanzania.



Source: Developed by Researcher, 2023

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Overview

This chapter presents the research methodology adopted in the study. The chapter starts with a description of the study areas and explains the type of research design undertaken. The chapter gives details on approaches and sampling procedures used for data collection. It also describes and justifies the data collection methods, tools for data collection, and analysis was developed, including reliability and validity. It also addresses ethical issues for the study.

3.2 Study Area and Justification

Dodoma Municipality is located in the Centre of the country. It is boarded by Chamwino district in the East and Bahi district in the West. It lies between Latitude 6.00^{o} and 6.30^{o} South and Longitude 35.30^{o} and 36.02^{o} East. It is 456 km to Dar es Salaam and 426 km to Arusha (Dodoma Municipal Council, 2020). Dodoma city is under Local Government Authority within Dodoma region, is selected to be the study area because there are continuous challenges of inefficiency of collecting revenue which affects accessibility of social and economic benefits to citizens.

3.3 Research Design

The study adopted Cross-Sectional Research Designs. Such a design is appropriate due to the following reasons. Firstly, it collects results by making inferences about a population of interest at one point in time (Bryman, 2012; Creswell, 2014). Secondly, it explains the prevalence of the

phenomenon; situation, attitudes, or issues relating to factors influence the efficiency of revenue collection in Dodoma city. Thirdly, the design helps to collect data in more than one case or variable, which are quantitative or qualitative data, so as to compare patterns of associations or to triangulate information in a systematic manner (Bryman, 2012). Fourthly, cross-sectional design saves time during data collections, Fifthly, there is replicability in cross-sectional research design because it helped the researcher to spell out procedures for selecting respondents; designing measures of concepts; administering research instruments (such as structured interview or self-completion questionnaire), able to present the greater comprehension and analyzing data (Bryman, 2012; Creswell, 2014). On the other hand, a Cross-sectional strategy helped the researcher to reason on how and why things happen relating to the data collection in the field. Also, Cross-sectional design guides the researcher to read more secondary sources such as published works of literature or data so as to give a wide and balanced comprehension of the subject matter (Bryman, 2012; Creswell, 2014).

3.4 Research Approach

Cresswell (2014) asserts the importance of illustrating the research approach as an effective strategy to increase the validity of social research and could either be qualitative or quantitative or concurrent mixed. This study adopted a concurrent mixed approach (Multiple Approach), which involved qualitative and quantitative approaches to triangulate information. A concurrent mixed approach refers to an approach that combines various methods, tools, and strategies of data collection, analysis, and sampling procedures to study a problem (Bryaman, 2012). The use of mixed approaches is a merit for this study in two ways. Firstly, it helped the researcher to collect diverse data from both qualitative and quantitative sources for triangulation. The qualitative

approach served to obtain in-depth outcomes such as judgments, feelings of comfort and discomfort about emotions, ideas, beliefs which could not be deduced into numbers (Walliman, 2011; Beryman, 2012). Secondly, a concurrent mixed approach or Multiple Approach employed a quantitative approach which deals with measurements and quantifications of variables in digital forms (Bryman, 2012).

The quantitative approach helped in describing and testing relationships and examines the cause and effect of interactions among variables of the study (Creswell, 2014). It is a formal, objective, and more systematic process of exploring cause and effect within the variables under investigation. It also deals with explaining the phenomena by collecting and analyzing numerical data through statistical methods, which are flexible and easy in quantifying and measuring the data obtained. A quantitative approach was used to unlock the magnitude, generalizable, and relationships that can be measured so that numbers can be analyzed through statistical analysis (Beryman, 2012; Creswell, 2014). Thirdly, Bryman, (2012) and Creswell (2014) explained that mixed approach (Multiple Approach) when employed during and after the process of data collections with the use of different tools and methods, help the researcher to understand and analyze the problem broadly and provide an opportunity to complement information from multiple sources. These enhanced the significance of the results of this study.

3.5 The Target Population

The target population is the entire collection of individuals, objects or measurements about which the information of interest is desired (Bhattacherjee, 2012). The target population for this study composed of District Treasures, Accountants, Revenue collectors, Planning Officers, Auditing sections, Human resource sections and Trade Officers, Head of sections, other staffs. These were targeted because they are key actors in revenue collection in Dodoma city.

3.6 The Sampling Unit

The units of inquiry concentrated on various section in Dodoma City Council including; the accounting section, Auditing section, Revenue collectors, Planning Officers, Trade Officers, Human resource section and other staffs working in different departments was chosen for analysis in this study. On the other hand, Tax/fees payers were looked at their working areas who are businessman in Dodoma city.

3.7 Sample Size and Sampling Procedures

3.7.1 Sample Size

The sample size was made up of 80 respondents. Table 3. 2 indicating the sample distribution, based on the selection criteria (according to the nature of the study).

Table 2: Sample Distribution of Respondents in Dodoma City

Sample Size Category	Frequency	Percentage (%)
Treasurers	4	5.0
Accountant	4	5.0
Revenue Collectors	20	25.0
Planning Officers	4	5.0
Head of sections	7	8.8
Trade Officers	3	3.8
Human Resource Officers	4	5.0
Tax Fee Payers	10	12.5
Auditing sections	4	5.0
Staff from different departments	20	25.0
Total	**80**	**100.0**

3.8. Sampling Techniques

The research used non probability sampling which include: Purposive, and convenience sampling.

3.8.1 Purposive Sampling Technique

The study used purposive sampling techniques in selecting respondents. The study consciously selected Head of sections in Dodoma city to be interviewed. It is conducted since it helped to reach targeted samples quickly and the opinions of the targeted population were easily captured. It is less expensive and quick for selecting a sample (William, 2011).

3.8.2 Convenience sampling technique

The technique was employed in this study so as simply get an interviewee from the abovementioned unity of inquiry (Creswell, 2014). It is a type of sampling that doesn't depend on chance and is often used in research studies. Convenience sampling is a qualitative research sampling strategy that involves selecting participants based on their accessibility and availability to the researcher (William, 2011). Rather than being drawn at random from a bigger population, participants in this strategy are picked because they are easily available to the researcher.

3.9 Data Collection Methods

Both primary and secondary data collection methods were employed. Primary data collection method consists of questionnaire and interview methods. The secondary method consists of references into previous scholarly works on efficiency of revenue collections, textbooks, reports and journals and others.

3.9 Primary Data collection Methods

3.9.1 Questionnaires Method

The study used questionnaire to different people having the knowledge and experience concerning efficiency of revenue collections (Bryman, 2012; Cresswell, 2013). Both open ended and

closeended questions were asked to collect primary data (Bhattacherjee, 2012). Before the questionnaires being supplied, was piloted (tested) to the respondents to ensure clarity as to remove sensitive and non-response questions and redrafting ambiguous questions.

3.9.2 Interview Method

The researcher was able to interview the head of sections using interview guide. The study preferred to use semi-structured interviews because they are flexible and give a chance for the researcher to probe questions; this provided supplemented information. Furthermore, answers from the key informants during the in-depth interview was followed by making notes and recorded by using audiotapes for clarity. The duration of conducting an in-depth interview takes less than one hour.

3.10 Secondary Data Collection Method

3.10.1 Documentary Review Method

Documentary reviews is the source of information from the published and unpublished documents, reports, statistics, manuscript, letters or diaries possessed by individuals, institutions and organizations (Brayman, 2012). The study reviewed documents like policy statements, financial reports, budgets, and guidelines, Monthly, Quarterly and annual reports of revenues, Audit reports, Studies conducted by other researchers. This technique contained information concerned with secondary data such as level of education of the staffs, efficiency of revenue collection that contain data of revenue budget and actual revenue collections from Dodoma city, financial management controls that included data from the report of Auditor, financial reports and staffs 27 reports. The study used Dodoma city library and other Ministerial libraries. Therefore, one advantage of using this method is that it is available, more cheaply, quicker and less cost (Walliman, 2011).

3.11 Data Analysis Methods

The study used both qualitative and quantitative methods of data analysis. However, at first place the study deployed preliminary data analysis method before starting actual analysis.

According to the study objectives, different methods were employed to process and analyze data collected. The researcher collected qualitative data through FGDs and key informants and was analyzed using Content Analysis. The methods involved; writing field notes, and transcribing interviews (Charmaz, 2006, Walliman, 2011). Field notes writing involves summarizing field data into notes for each interview and FGD conducted. Field notes writing was useful in summarizing key themes and establishing relations on a daily basis. Also, the study through the use of quantitative data from the household questionnaire surveys was coded and entered into an International Business Machines- Statistical Package for Social Sciences (IBM- SPSS) software version 20 for analysis. Descriptive Statistics such as measures of central tendencies mainly means differences; cross-tabulated frequencies and multiple response analysis was performed on the indicators.

3.12 Reliability and Validity

3.12.1 Reliability

Reliability is the extent to which a measurement instrument or procedure yields the same results on repeated trials (Walliman, 2011). In this study, reliability was achieved through the selection of the right sampling unit and appropriate measuring instruments to avoid unnecessary systematic and random errors. To ensure reliability, the study used appropriate measuring instruments; a pretesting study was carried at Bahi District Council. After a pre-test study, some of the research instruments was revised and improved to ensure reliability of the research instruments.

3.12. 2 Validity

Validity in research refers to the extent to which a study measures what it intends to measure or accurately reflects the true meaning or phenomenon it claims to represent (Bhattacherjee, 2012). It assesses the credibility and accuracy of the research findings and ensures that the conclusions drawn from the study are justified and reliable. Validity is crucial for maintaining the integrity and trustworthiness of research.

For the study to be considered credible and trustworthy, several issues that would hinder the validity of the study were ironed-out. Since the nature of the study is both qualitative and quantitative, the study employed various strategies to minimize invalidity and maximize validity. Qualitatively, the study ensured richness of the results through key informant interviews and Questionnaires, which provided sufficient time for an in-depth discussion on the topic. Quantitatively, triangulation of research methods, ensuring appropriate respondents for the study, and proper data analysis was crucial strategies to be used; it ensured the validity of the results.

3.13 Ethical Considerations

Ethical considerations in research refer to the principles and guidelines that researchers must follow to ensure that their studies are conducted in an ethically responsible manner (Bhattacherjee, 2012; Creswell, 2013). These considerations aim to protect the rights, welfare, and well-being of the research participants and uphold the integrity and credibility of the research process. Some key ethical considerations in research include: Informed Consent, Confidentiality and Anonymity, Culture, Integrity and Objectivity, Autonomy and others.

Therefore, this study followed various rules and procedures for research clearance and permit. In view of abiding by the research ethics, the researcher requested a research permit from Institute of Accountancy Arusha (IAA), which provided on behalf of the Tanzania Commission for the University (COSTECH). In Dodoma region from the Regional Administrative Secretary's provided permits and the Dodoma City Director office. To abide by the researcher and respondent's relationship, informed consent were requested from respondents to engage in the study. Privacy and confidentiality guaranteed by ensuring that the information obtained were used for the purpose of the study only.

CHAPTER FOUR

FINDINGS AND DISCUSSION

4.0 Introduction

This chapter provides analysis and discussion of research findings arising from the research study. It describes the response rate from the study research, respondents' profile and finally the research findings were presented and discussed focusing the research objectives of this study.

4.1 Characteristics of respondents

The background information of respondents was deemed necessary because the ability of the respondents to give satisfactory information on the study variables greatly depends on their background. The background information of respondents solicited data on the samples and this has been presented below categorized into; education levels, position held, age and length of service in Dodoma City Council. With a questionnaire as the main research tool to gather data from the respondents, the first section was intended to gather data on the background of the respondents.

The Table 4.1 below shows general characteristics of respondents as follow;

Characteristics	Category	Frequency	Percentages (%)
Gender Distribution	Male	55	68.8
	Female	25	31.3
Education level	Primary	3	3.8
	Secondary	17	21.3
	Certificate	20	25.0
	Diploma	10	12.5
	Bachelor Degree	25	31.3
	Above Bachelor Degree	5	6.3
Job Types of Respondents	Treasurer	4	5.0
	Accountant	4	5.0
	Revenue collector	20	25.0
	Planning Officer	4	5.0

	Head of sections	7	8.8
	Trade Officers	3	3.8
	Human Resources Officers	4	5.0
	Tax fee payers	10	12.5
	Auditing sections	4	5.0
	Staff from different departments	20	25.0
Working Experiences	1-10 years	5	6.3
	11-20 years	25	31.3
	21-30 years	45	56.3
	31 and above	5	6.3

Table 4.1 revealed that about 68.8% of the respondents were male, this imply that Dodoma City Council has employed many males comparing to females workers. But also, about 31.3% of the respondents reported that had bachelor degree in education level. The key findings imply that many employed workers within the council have professionals in their positions of working which increases efficiency of revenue collections. The study also found that about 25% of the revenue collectors and other staffs were dominant category. This implied that this category are important in ensuring

revenues are being collected effectively within the council under the supervisions of the senior staffs like Treasurer, Accountant Officer and other. Furthermore, the study was interested to find the experiences of the workers dealing with revenue collections so as to determine the efficiency of the revenue collections. Table 4.1 displayed that about 56.3% of the respondents reported that they have 21-30years of experience in serving as administrator in revenue collections and implementations of plans of the city. Therefore, study noted that workers were experience in Dodoma City Council as the implementer of ensuring tax is being collected effectively and efficiently.

4.2 Factors Influencing Revenue Collection Efficiency in Dodoma City

The study in Figure 1 displayed that about 86.3% of the employed respondents in Dodoma city reported that they know factors which influence revenue collections while 13.7% did not. The results findings imply that most of the respondents were are knowledgeable about the factors influence revenue collection efficiency. The results findings corroborates with Mahenge (2023) and Okunogbe and Santoro (2023) who authenticated that institutions and authorities in many governments they ensure that their employees knows factors influence revenue efficiency collections so as to increase the capacity of revenue collections for prospering developments. In the same vein, one of the respondents who had experience of 25 years in Dodoma city, had this to say: *Since I was employed in 1998 the government tries to work hard in providing education through trainings, seminars and other ways which help many employees to get knowledge on factors influencing revenue efficiency in Dodoma city*. Therefore, the study results found that many employees they know factors influencing revenue collection efficiency in Dodoma city.

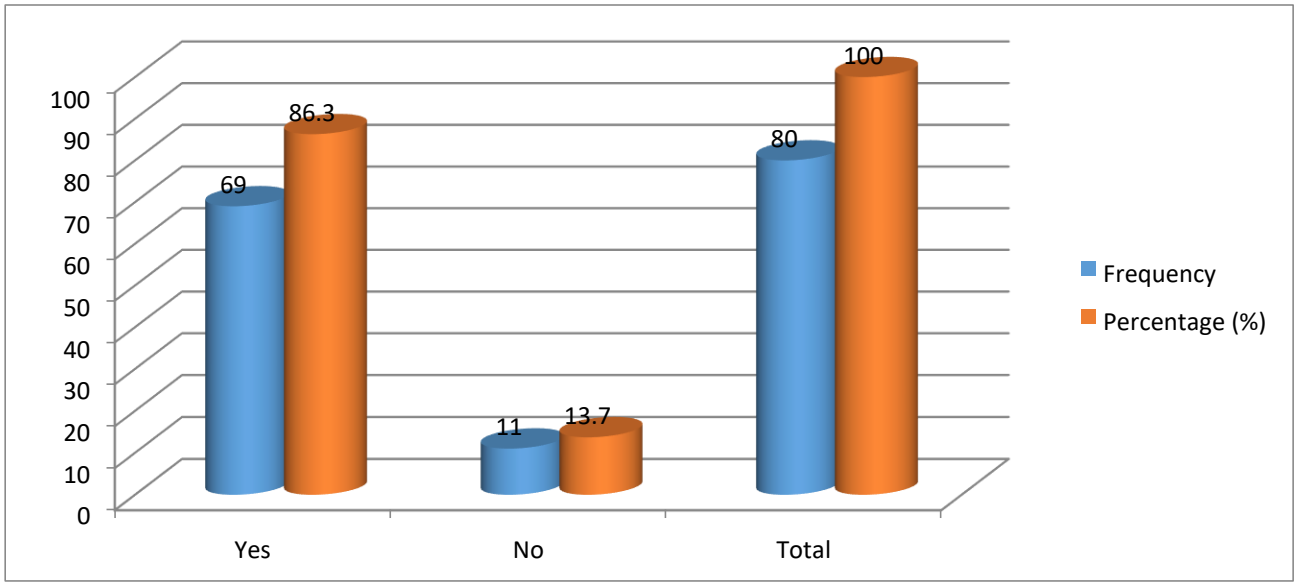


Figure 4.1 Factors Influencing Revenue Collection Efficiency in Dodoma City

4.2.1 Response on the factors influence revenue efficiency collection in Dodoma city

The study findings in Table 4.2 revealed that there are many factors influence revenue efficiency collections among of the most in Dodoma city are Technology and Automation (13.0%), Administration Efficiency (11.8%), Taxpayer Education and Assistance (10.7%). The study findings imply that there are many factors which influence revenue efficiency collection in Dodoma city but most prominent are technology, administrations, and education on tax to taxpayers. But the other also is very important as shown in Table 4.2

The study findings tallies with Occhiali (2023) study in Uganda and Sierra Leone, found that many factors in this two countries are similar like technology and taxpayer education and administration efficiency this is because collection of revenues within this countries needs much technology to match with the world of globalizations. But also, John and Mokaya (2017), study in Tanzania found that factors which influence revenue efficiency collection in cities are very important because they

build the base of implementing strategies of accumulating more revenues within the cities from different sources. Furthermore, the study findings were similar with report from In-depth interview with the head of unit of account who transparently declared that: "*Revenue efficiency collections depend on the principles of good governance in private and government institutions"*. But the study observed that technology, education, administrative capacity, commitment and other are very important in revenue efficiency collections to the government.

Table 4.2 Response on the factors influence revenue efficiency collection in Dodoma city

Attributes	**Frequency**	**Percentage (%)**
Taxpayer and Legislation	35	8.3
Taxbase and Coverage	32	7.6
Compliance and Enforcement	35	8.3
Information sharing and Data Management	33	7.1
Taxpayer Education and Assistance	45	10.7
Administrative Efficiency	50	11.8
Technology and Automation	55	13.0

Ant-Corruption Measures	40	9.5
Legal Framework and Judicial Support	27	6.4
Economic Conditions	24	5.7
Political Will	30	7.1
International Cooperation	16	3.8
Total	**422**	**100.0**

NB: Frequencies are based on multiple Responses.

Furthermore, the study wanted to know if the identified factors in Table 4.3 influence revenue efficiency collection properly. It was found in Figure 4.2 that 66% of the respondents reported that does not influence properly. The reason was reported in Table 4.2 that education (32%), politics (25%) and technology (15%) respectively, respondents reported that there are many reasons that do affect the inefficiencies of revenue collections in Dodoma city as indicated in Table 4.2. This corroborates with Sausi et al, (2021) revealed that there are many reasons that affect the inefficiencies of revenue collections in many institutions like technology, politics and administrative systems hinders the effectiveness of the revenue collections if had not addressed properly. Again, Solomoni et al., (2020) reported that in many African countries there is big challenge of many institutions to have a strong and effective technological system and experts who can operate and

use for the collection of revenues within their institutions. This was reported by one of the employee in Dodoma city who had this to say: *Many of the tax collectors and payers are not familiar with the use of machines which used in revenue collections, because have not got effective trainings in machines operations.* Therefore, the study observation was that there are many reasons that affect the improper collections of revenues in Dodoma city like politics, education, administrative systems and other.

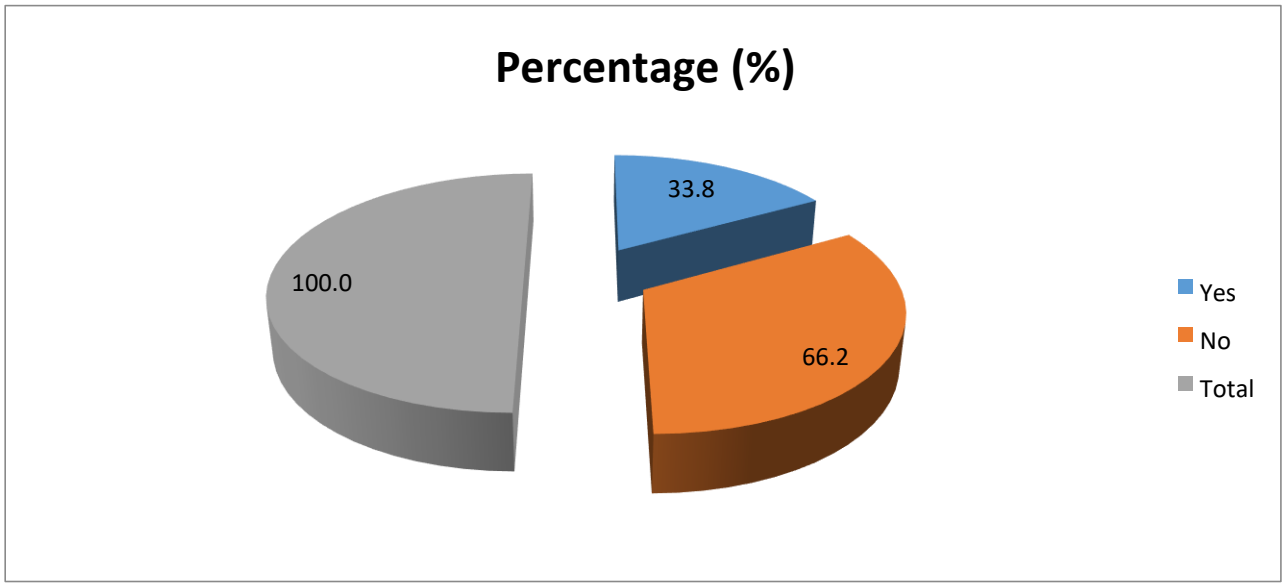


Figure 4.2 Improper efficiency of revenue collection in study area

Table 4.3 Reasons that did not influence revenue collection properly

Attributes	Frequency	Percentage (%)
Education on revenue collection	26	32.5
Politics	20	25.0
Technology	12	15.0
Tax compliance	7	8.8
Tax enforcement and administration	10	12.5
Corruptions	5	6.3
Total	**80**	**100.0**

4.2.2 Benefits of the factors which influence revenue collection Efficiency in study area

The factors that influence revenue collection efficiency, when addressed effectively, can lead to several benefits for a local government, its residents, and the broader community. Therefore, the study wanted to know the magnitude on how respondents perceive the benefits when these factors Table…addressed effectively. The study used 5 point of Likert scales to measure the magnitude by using Mean Index so as to get also the actual percentage. It was found that Mean Index =4.2 which displayed 75.6% of the respondents who reported that they agree that, the factors that influence revenue collection efficiency when addressed effectively had benefits to the government development.

Table 4.4: Benefits of the factors which influence revenue collection Efficiency in study area

Increase of revenue	SD	D	N	A	SA
Enhance service delivery	18.1	13.9	5.6	20.8	23.5
Economic development	10.3	14.7	7.3	30.4	18.3
Poverty alleviation	13.3	9.1	4.6	26.0	34.6
Cost Effectiveness	22.0	16.3	8.5	18.9	22.0
Transparency and Accountability	10.1	9.6	10.1	22.5	25.4
Reduction of public debt	9.2	15.3	9.0	21.3	32.6
Development of infrastructures	11.1	17.2	7.9	19.2	22.7

The results findings imply that most of the respondents in studied area had knowledge on the benefits of the factors which influence revenue collection efficiency. The results findings are in line with Pamba (2023) study in South Africa and Okunogbe and Santoro (2023) study in African countries both condemned that most of African countries are not serious in improving and designing proper factors that enhance the revenue collection efficiency in their government institutions. This affects much ineffectiveness and inefficiencies of revenue collections in their institutions. The results findings tallies with In-depth Interview and FGD with taxpayers, collectors and key informants who both agreed that there are many benefits to have appropriate factors and other attributes which contribute to revenue efficiency collection in our city because helps to create a friendly environment in working with customers who pays tax for revenue collections. The study observation was that

there are many benefits of the factors that build the base of revenue efficiency collection like it increase revenue, enhance service delivery and others.

4.3 Perception of the Effectiveness of Revenue Collection System in Dodoma City

Effectiveness of the collection system in institutions is very important so as to implement efficiency in revenue collections. Therefore, the study was interested in investigating the perceptions of respondents on effectiveness of revenue collections system in study area. The study used 5-point Likert scales to measure the perception by calculating Mean Index which quantifies the actual percentage for interpretations. In this regard, the study found in Table… that Mean Index =3.617 indicates 67.8% of the respondents reported that they disagree that the system is not effective.

Table 4.5 Perception of the Effectiveness of Revenue Collection System in Dodoma City

Attributes	**Likert Scales**				
Technology	**SD**	**D**	**N**	**A**	**SA**
Regulatory compliance and policies	19.4	8.1	1.2	7.4	9.1
Transparent and Fair	10.1	6.0	1.8	9.3	11.1
User friendliness and Accessibility	8.5	5.2	6.0	6.1	9.3
Cost Effectiveness	12.4	9.8	3.1	5.3	1.9
Compliance and Enforcement	18.3	7.3	2.2	9.2	7.2
Customer service and support	16.7	4.8	0.1	2.1	10.1
Accuracy and Reliability	19.2	2.3	2.7	1.6	5.7

KEY: SD-Strongly Disagree, D-Disagree, N-Neutral, A-Agree, S- Strongly Agree

The survey results in Table 4.5 imply that inefficiency of revenue collection in study area is due to the ineffectiveness of the revenue collection system in study area. The survey results are apparent with In-depth Interview with Accountant Officer who claimed: "*That the system which assists to collect revenues lacks capacities of speed, it use more time to work. This affects much our responsibilities to use more time in completing tasks".* The report from Accountant Officer is concurred with Ali (2023) and Occhiali et al., (2023) both addressed that many developing countries has weak revenue collection systems which hinder the process of revenue collections by tax collectors and payers within institutions. It was conversely to one of the Senior Information Officer in study area who authenticated that: "*The efficiency of revenue collection system in Dodoma city is very effective in its operations; this had made the officers to work smoothly in their responsibilities".* In that case, the study observed that the perceptions of many respondents reported that Dodoma city had inefficiency of revenue collections system.

4.3.1 Knowledge on mechanisms of collecting revenues in your Dodoma city

The study wanted to know the knowledge of the respondents if they know mechanisms of collecting revenues in studied area. It was found in Table 4.6 that most of the respondents know different mechanisms of collecting revenues. This implies that respondents they always practice on using these mechanisms in delivering services to customers**.** The study findings is relevant to Moore (2020) findings, who reported that many of the administrative staffs who work on tax collections are aware of the different mechanisms and their challenges and its efficient in its operations.

Table 4.6 Knowledge on mechanisms of collecting revenues in your Dodoma city

Variable	Frequency	Percentage (%)
Yes	56	70.0
No	24	30.0
Total	**80**	**100.0**

Thereafter, the study asked the respondents to mention the types of mechanisms of collecting revenues in study area. In Table 4.6 display the findings that most of the respondents were able to mention the types of mechanisms used in collecting revenues. This imply that Dodoma city has many mechanisms used in collecting revenues for planning and implementing development projects to benefit the citizens in studied area. However, property tax and rates, Business Licenses and Permits, Local Sales and Services Taxes were the main dominant comparing to other. The study asked Treasurer the reason of this domination; He had this to say: *"These three has many components which used as revenue sources, thus are daily used to be source of revenues collections for development purposes".* Therefore, the study observed that most of the respondents were knowledgeable about mechanisms of collecting revenues in Dodoma city.

Table 4.7 Mechanisms of collecting revenues in your Dodoma city

Mechanisms	Frequency	Percentage (%)
Property Taxes and Rates:	19	23.8
Business Licenses and Permits	12	15.0
Local Sales and Services Taxes:	9	11.3
Utility Charges:	3	3.8
Parking Fees and Fines	8	10.0
Market and Vendor Fees	4	5.0
Tourism and Entertainment Taxes	2	2.5
Grants and Subsidies	5	6.3
Development Charges and Impact Fees:	4	5.0
Fees for Government Services	6	7.5
Fines and Penalties	5	6.3
Investment Income:	3	3.8
Total	**80**	**100.0**

4.4 Effectiveness of the collection revenue systems practices in study area

The study wanted to know the effectiveness of the revenue collection in studied area so as to investigate the efficiency of the practices and process of the revenue collections. The study in Figure 4.3 reported that about 73.8% of the respondents said that the revenue collection practices and its process are inefficient while 26.2% said is efficient. The results findings imply that most of the respondents they understand that there is inefficiency in revenue collection efficiency.

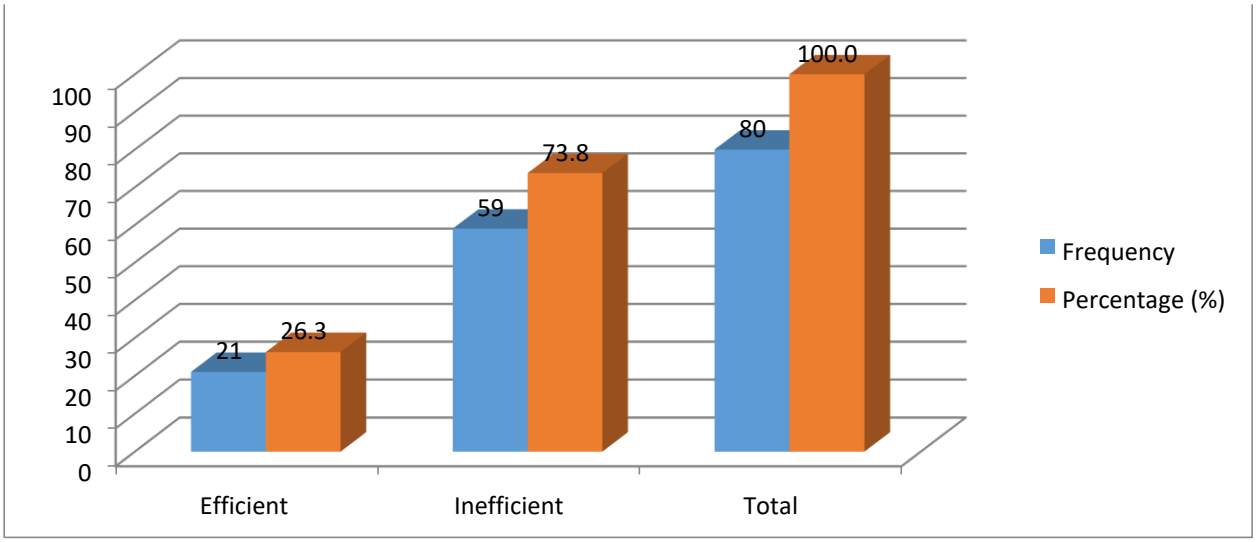


Figure 4.3: Effectiveness of the collection revenue systems practices in study area

Furthermore, the study was interested to know actors which are efficiency in revenue collection. Table 4.8 displayed that revenue collection agents are effective in revenue collection comparing to other actors, but Dodoma City Council is trying to collect revenue comparing to Ward Executive Officers. The results imply that actors in Dodoma City are not effective much in revenue collections. The study through In-depth Interview with Accountant Officers and other Key Informants both reported that the Dodoma city uses system in processing transactions which faces challenges to

the users and other behind challenges which are technical, hence becomes difficult in managing revenue collections. Therefore, the study observed that revenue collections agents are effective in revenue collection process comparing to others.

Table 4.8 Actors used in implementing the process of Revenue collections

Actor	Level of Effectiveness			
	To a large extent	To some extent	To a small extent	Not at all
Revenue Collection Agents	34.5	20.3	15.7	2.0
Dodoma City Council	20.0	13.9	9.4	0.2
Ward Executive Officers	18.0	10.2	7.9	3.1

4.4.1 Reasons for inefficient of collecting revenue in Dodoma city

Low revenue collection in local governments in Tanzania has long been a constraint to achieving the local governments' projects, as reports show low collection rate in rural and urban districts in Tanzania. Therefore, Table 4.9 display the results that 32.5% of the respondents reported that lack of enough qualified staff is the main source of inefficient of collecting revenue in study area. However, there are other reasons like dishonest of revenue collectors, unwillingness of to pay revenues and other in Table 4.9 The results displayed implied that there are many reasons that affect the efficiency of revenue collections and this cause the city to fail in attaining its objectives along plans.

Table 4.9 Reasons for inefficient of collecting revenue in Dodoma city

Reasons for inadequate management of sources	Frequency	Percentages (%)
Lack of enough qualified staff	26	32.5
Lack of adequate plans	6	7.5
Some sources of revenue are not known	5	6.3
Lack of feasibility study	8	10.0
Management is not paying attention	4	5.0
Dishonest of revenue collectors	13	16.3
Lack of enforcement on revenue collection	7	8.8
Unwillingness to pay revenue	11	13.8
Total	**80**	100.0

The study results matches with Twaibu, (2020) study in Tanzania, claimed that most of the local government officers are not competent in using Local Government Revenue Collection Information System (LGRCIS) this affect the inefficiency of revenue collections. In the same vein, Kosaye **(**2018) authenticated that many people in the world are not willing to pay tax in the government and other practices corruptions during the process of revenue collections. Both this scenario, hinder the efficiency of revenue collections in local government cities. This reports and study results corroborates with one of the Key informants through In-in-depth interview who had this to say:

…..“There are many reasons that affect inefficiencies of revenue collections like local government has no innovations, we use archaic system to collect fees and our staffs are not well trained in collecting taxes/fees. Hand to hand , staff are not able to use the Local Government Revenue Collection Information System, and even tools for Sales Machines due to lack of appropriate training on the system, reluctance to change and low skills of ICT among staff”…..

Another Officer had this to say:

“There is lack of competent and skilled workers in the area of tax collection, this cause lack of effective strategies for expanding tax base, ineffective management of tax revenue collectors”..

Therefore, the study results observed that there are many reasons which cause inefficiencies of revenue collections like lack of qualified, competent man power and unwillingness to pay revenue to mention few from the Table 4.9.

4.5 Challenges Facing Dodoma City Council in Revenue Collections

Furthermore, the study were interested to know the challenges facing Dodoma City Council, it was observed by study that challenges may vary based on the unique circumstances and context of Dodoma City Council. Thus, the study in Figure 4.4 portrayed that 21% (Capacity Building), 15% (Informal Economy), 10% (public awareness and education and others

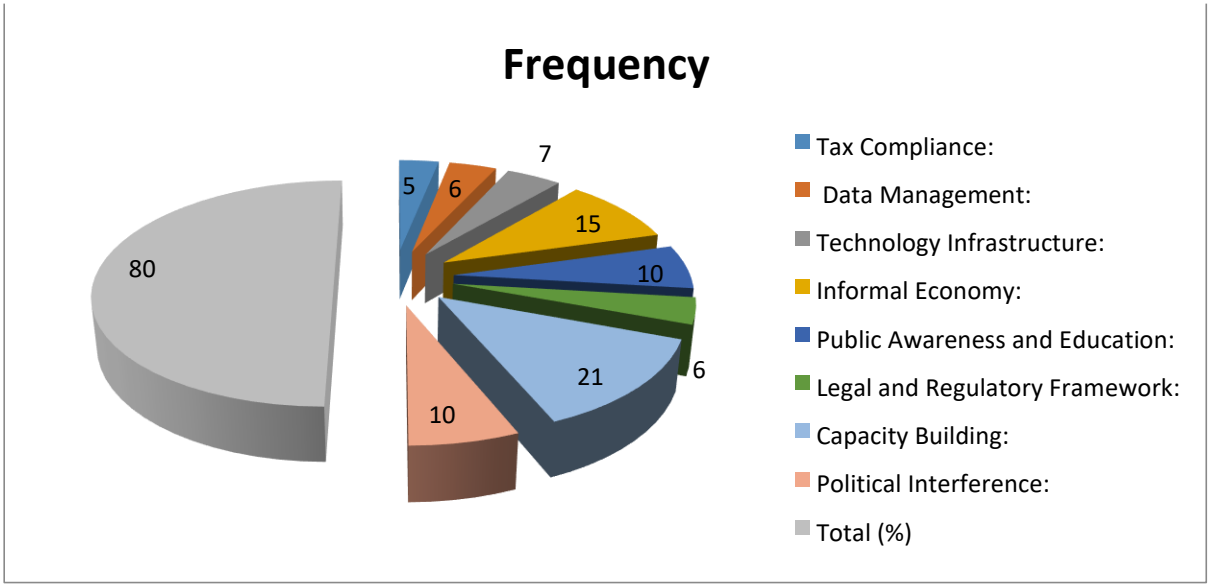


Figure: 4.4 Challenges Facing Dodoma City Council in Revenue Collections

The displayed results in Figure 4.4 imply that Dodoma City Council faces many challenges which affect the efficiency of revenue collections which undermine the development plans. The study results through In-depth Interview conform to one of the Tax collector Officer who had this to say:

> *"Insufficient human resources and skills within the revenue collection department can be a barrier. Dodoma City Council may need to invest in training and capacity-building programs for its staff to enhance their ability to manage and collect revenue effectively".*

The second was an Accountant Officer who also had this to say:

> *"In many areas, a significant portion of economic activities occurs in the informal sector, making it challenging to track and tax. Dodoma City Council may face difficulties in capturing revenue from businesses and individuals operating in the informal economy".*

The study results are in the same vein with Kimario (2014) and Mawejje et al., (2019) reported that lack of awareness or understanding among the public regarding tax regulations and the importance of paying taxes can contribute to non-compliance. Therefore, local government may need to invest in public awareness campaigns and education to promote a culture of tax compliance. Therefore, the study observed that Dodoma City Council faces many challenges in implementing efficiency of revenue collections like poor data management, tax compliance, technology infrastructure, legal and regulatory framework, and political interference to mention few.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATION

5.0 Introduction

This chapter presents the summary, conclusion, recommendation and limitations for the study, as well as the areas for future study. The chapter starts by presenting summary of the study on the main findings, followed by conclusion and finally recommendations.

5.1 Summary of the Study

This study was set to assess the factors assess the factors influencing revenue collection efficiency in local government of Tanzania: With this regard, the study came up with three objectives, namely; to identify factors influencing revenue collection efficiency in Dodoma city, to examine the perception of the effectiveness of revenue collection system in Dodoma city, to identify challenges facing Dodoma city council in revenue collections. The summary on the findings of the study are as discussed below.

5.1.1 Factors influencing revenue collection efficiency in Dodoma city

Therefore, the study results found that many employees they know factors influencing revenue collection efficiency in Dodoma city. But the study observed that technology, education, administrative capacity, commitment and other are very important in revenue efficiency collections to the government. Therefore, the study observation was that there are many reasons that affect the improper collections of revenues in Dodoma city like politics, education, administrative systems and other. The study observation was that there are many benefits of the factors that build the base of revenue efficiency collection like it increase revenue, enhance service delivery and others.

5.1.2 Perception of the effectiveness of revenue collection system in Dodoma city

In that case, the study observed that the perceptions of many respondents reported that Dodoma city had inefficiency of revenue collections system. Therefore, the study observed that most of the respondents were knowledgeable about mechanisms of collecting revenues in Dodoma city. Therefore, the study observed that revenue collections agents are effective in revenue collection process comparing to others. Therefore, the study results observed that there are many reasons which cause inefficiencies of revenue collections like lack of qualified, competent man power and unwillingness to pay revenue to mention few

5.1.3 Challenges facing Dodoma city council in revenue collections

Therefore, the study observed that Dodoma City Council faces many challenges in implementing efficiency of revenue collections like poor data management, tax compliance, technology infrastructure, legal and regulatory framework, and political interference to mention few.

5.2 Conclusion

The study aimed to assess the factors influencing revenue collection efficiency in local government of Tanzania: Basing to the aim of the study it came up with three objectives, namely; to identify factors influencing revenue collection efficiency in Dodoma city, to examine the perception of the effectiveness of revenue collection system in Dodoma city, to identify challenges facing Dodoma city council in revenue collections. The study concluded basing to the study objectives that, the study results found that many employees they know factors influencing revenue collection efficiency in Dodoma city. But the study observed that technology, education, administrative capacity,

commitment and other are very important in revenue efficiency collections to the government. Therefore, the study observation was that there are many reasons that affect the improper collections of revenues in Dodoma city like politics, education, administrative systems and other. However, the study found that there are many benefits of the factors that build the base of revenue efficiency collection like it increase revenue, enhance service delivery and others.

Furthermore, the study found that the perceptions of many respondents reported that Dodoma city had inefficiency of revenue collections system. This was due to the challenges facing users in revenue collections systems. However, the study observed that most of the respondents were knowledgeable about mechanisms of collecting revenues like Property Taxes and Rates, Business Licenses and Permits, Local Sales and Services Taxes and other. Moreover, the study found that revenue collections agents are effective in revenue collection process comparing to others like Dodoma City Council. But also, the study found that there are many reasons which cause inefficiencies of revenue collections like lack of qualified, competent man power and unwillingness to pay revenue to mention few. Lastly, the study observed that Dodoma City Council faces many challenges in implementing efficiency of revenue collections like poor data management, tax compliance, technology infrastructure, legal and regulatory framework, and political interference to mention few.

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5.3 Recommendations

Based on the findings of the study, some recommendations are hereby put forward.

i. Dodoma City Council should provide training and capacity-building programs for staff involved in revenue collection to enhance their skills and knowledge. A skilled and knowledgeable workforce is better equipped to handle the challenges associated with evolving tax landscapes. Continuous training ensures that staff is up-to-date with best practices ii. The government under the Ministry of Finance, Local Government Authority and its authorities should conduct regular public awareness campaigns to educate businesses and individuals on the importance of paying taxes and the benefits to the community. A wellinformed public is more likely to comply voluntarily with tax obligations. Clearly communicate tax regulations and procedures to build trust and cooperation iii. Ministry of Local Government Authority should invest in modern technology and infrastructure to facilitate efficient and transparent revenue collection processes. Up-to-date technology can streamline processes, reduce the risk of errors, and enhance accountability. iv. Ministry of Local Government Authority should establish robust data management systems to maintain accurate and up-to-date information on businesses and residents. Accurate data is essential for effective revenue collection. Implement data analytics tools to identify potential areas of revenue leakage and improve overall collection efficiency.

v. Regularly review and update the legal and regulatory framework for taxation to ensure clarity, fairness, and alignment with the economic context. A clear and up-to-date legal framework provides a solid foundation for revenue collection. Ambiguous or outdated regulations can lead to confusion and hinder efficiency.

vi. The Ministry of Local Government Authority should develop strategies to bring the informal sector into the formal economy, making it easier to track and tax economic activities. The informal sector often represents a significant portion of economic activities. Bringing these businesses into the formal system can broaden the tax base and improve revenue collection.

vii. Strengthen enforcement mechanisms to ensure compliance with tax regulations. Conduct regular audits and inspections to identify and address instances of tax evasion or noncompliance. Effective enforcement is crucial for maintaining a level playing field and discouraging tax evasion. Consistent and fair enforcement builds trust in the tax system.

Implementing these recommendations in the context of Tanzania's local governments can contribute to increased efficiency in revenue collection. It's important to adapt strategies to the specific circumstances and continually assess and adjust them based on the evolving economic and regulatory landscape.

5.4 Areas for Further Research

i. Examine the capacity of local government authorities in Tanzania to implement and manage efficient revenue collection systems. Assess the effectiveness of training programs in enhancing the skills of personnel involved in revenue collection.

ii. Analyze taxpayer behavior and attitudes towards taxation in Tanzania. Investigate the factors influencing voluntary compliance, as well as the reasons behind tax evasion and non-compliance.

iii. Analyze the influence of socioeconomic factors, such as income levels, education, and employment, on taxpayer compliance. Understand how these factors may contribute to variations in revenue collection efficiency across different regions.

These research areas can provide valuable insights into the dynamics of revenue collection in Tanzanian local governments and offer practical recommendations for policymakers and practitioners aiming to improve efficiency in this critical area.

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APPENDECES

APPENDEX I: WORK PLAN

SN	Activity	2022									2023			
		A	M	J	J	A	S	O	N	D	J	F	M	A
1	Proposal development													
2	Reconnaissance survey refining the proposal													
3	Preparation of data collection instruments/tools													
4	Undertaking pilot study/testing of research tools and research team													
5	Improving Data collection tools and Actual data collection													
6	Processing and Data analysis													
7	Report writing													
8	Presentation and final report writing													
9	Submission of final report and Publishing results													

APPENDIX II: PROPOSED BUDGET

Table 3: Estimated cost of the study Tshs2,600,000.00/= **as per description below:**

KEY ACTIVITIES	**COST**(TZs)
1. Research planning and Preparation of data gathering tools	200 000.00
2. Stationeries and printing and photocopying	200 000.00
3. Researchers food and refreshment (drinks & snacks)	200 000.00
4. Preliminary survey and piloting	300 000.00
5. Transport to and from city/ round trips	200 000.00
6. Data collection in two regions/districts	500 000.00
7. Respondents time compensation	400 000.00
8. Data processing and analysis	600 000.00
9. Report writing, production and binding	400 000.00
Total	**2, 600,000.00**

Appendix III: Questionnaire

Dear Respondent

I am conducting a research on ***Effectiveness of the Factors Influencing Revenue Collection Efficiency in Local Government of Tanzania: The Case of Dodoma City*.** Please assist me by filling the questionnaires aimed at gathering data/information which will assist in determining the effectiveness of the factors influencing *revenue collection efficiency in local government of Tanzania:* All responses will be treated as confidential.

Dear Sir/ Madam,

I am **DAVID JOHN MMARI** a student of Institute of Accountancy Arusha (IAA) carrying out research on factors affecting revenue collection in local government authorities as a part of the requirement for partial fulfillment for the award of the degree of Master of Accountancy of Institute of Accountancy Arusha (IAA). I therefore request you to spare some time and fill in this questionnaire. Whatever information you provide here will be strictly for academic purpose and shall be treated with utmost confidentiality.

Thank you.

APPENDIX IV: Background Information

Characteristics	Category	Tick
Gender Distribution	Male	
	Female	
Education level	Primary	
	Secondary	
	Certificate	
	Diploma	
	Bachelor Degree	
	Above Bachelor Degree	
Job Types of Respondents	Treasurer	
	Accountant	
	Revenue collector	
	Planning Officer	
	Head of sections	
	Trade Officers	
	Human Resources Officers	
	Tax fee payers	
	Auditing sections	
	Staff from different departments	

Working Experiences	1-10 years	
	11-20years	
	21-30years	
	31 and above	

A: Factors Influencing Revenue Collection Efficiency in Dodoma City 1.

Do you know factors influence revenue collection efficiency a

a) Yes b) No

2. If YES mention the factors (question 1 above)

i. ……

ii. ……

iii. ……

iv. ……

v. ……

3. Do you think that the mentioned factors influence revenue collection properly?

a) Yes b) No

4. If No what are the reasons that did not influence revenue collection properly

i. ……

ii. ……

iii. ……

iv. …….

v. …….

5. If YES what are the benefits of the mentioned factors which influence revenue collection

vi. …….

vii. …….

viii. …….

ix. …….

……

B: Perception of the Effectiveness of Revenue Collection System in Dodoma City

Attributes	**Likert Scales**				
Technology	**SD**	**D**	**N**	**A**	**SA**
Regulatory compliance and policies					
Transparent and Fair					
User friendliness and Accessibility					
Cost Effectiveness					
Compliance and Enforcement					
Customer service and support					
Accuracy and Reliability					

KEY: SD-Strongly Disagree, D-Disagree, N-Neutral, A-Agree, S- Strongly Agree

6.0 Mention the roles or advantages of the factors which influence the efficiency of revenue collections in Dodoma city.

i. ……..

ii. ……..

iii. ……

iv. ……

v. ……

7.0 Do you know the mechanisms of collecting revenues in your Dodoma city? A) Yes B) No

8.0 The following are the mechanisms of collecting revenues in your Dodoma city (Tick if it is appropriate)

	Mechanisms	**Tick**
1	Property Taxes and Rates:	
2	Business Licenses and Permits	
3	Local Sales and Services Taxes:	
4	Utility Charges:	
5	Parking Fees and Fines	
6	Market and Vendor Fees	
7	Tourism and Entertainment Taxes	
8	Grants and Subsidies	
9	Development Charges and Impact Fees:	
10	Fees for Government Services	

11	Fines and Penalties	
12	Investment Income:	

9. Are the collecting revenue practices a) Efficient b) Inefficient

10. To what extent do you think that these actors below are effective in revenue collection? (*Tick the appropriate place*)

Actor	**Level of Effectiveness**			
	To a large extent	**To some extent**	**To a small extent**	**Not at all**
Revenue Collection Agents				
Dodoma City Council				
Ward Executive Officers				

11. The following are reasons to why did revenue is inefficient of collecting revenue in Dodoma city (*Tick if it is appropriate*)

REASONS FOR INADEQUATE MANAGEMENT OF SOURCES	
Lack of enough qualified staff	
Lack of adequate plans	
Some sources of revenue are not known	
Lack of feasibility study	
Management is not paying attention	

Dishonest of revenue collectors	
Lack of enforcement on revenue collection	
Unwillingness to pay revenue	

12. Challenges Facing Dodoma City Council in Revenue Collections

What are the challenges facing Dodoma City Council in implementing revenue collections

i. ……

ii. ……

iii. ……

iv. ……

v. ……

vi. ……

13: What are the strategies can be used to address the challenges of ineffectiveness of revenue collections in DODOMA CITY COUNCIL?

i. ……

ii. ……

iii. ……

iv. ……

v. .....

vi. .....

14. In your opinion, what do you advice the Dodoma City Council to do in order to improve revenue collection in the future?

APPENDIX V: Interview Guide with Dodoma City Council Officials in Dodoma The following were the interview guide questions used by the Researcher when interviewing various respondents including Dodoma City Staff, Heads of Departments of Dodoma City Council, Ward Executive Officers, Revenue collection Agents and Residents/Taxpayers:

1 Who are the collectors of revenue used by Dodoma City? Mention them.

2 Among the actors/revenue collectors mentioned above, whom do you think collects more revenue than others?

3 What kind of mechanism has been instituted by Dodoma City to ensure that revenue collection is done efficiently? Are they working properly?

4 What factors do you think that influence the efficiency collection of revenue at Dodoma city? Mention them.

5 Do you think that the established factors are exhaustive? Or there are other factors ought to be considered?

6 What are the challenges facing Dodoma city council in efficiency revenue collections

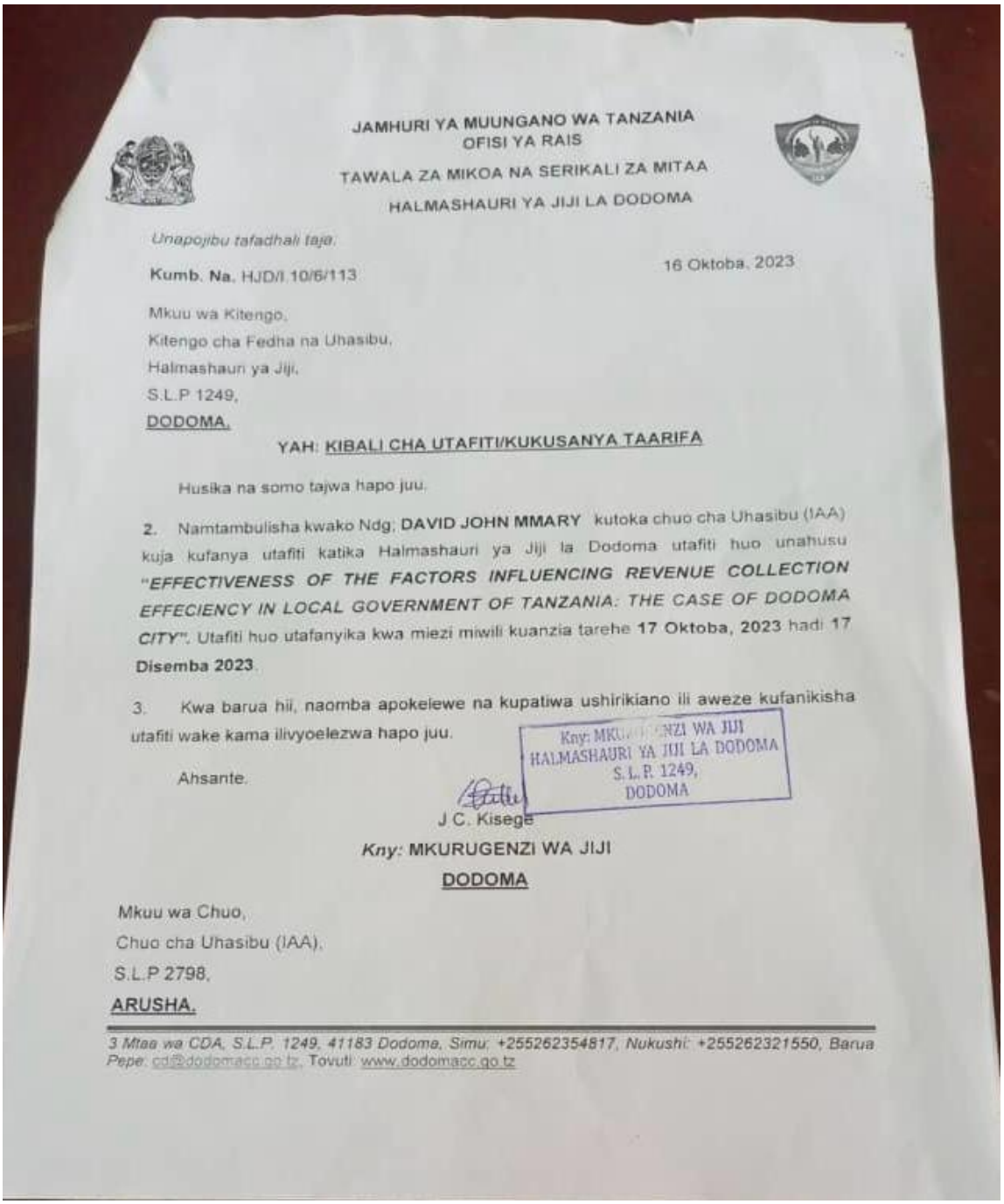
7 What do you think are the factors which contribute for under collection of revenue at *Dodoma City Council*? Mention them.

8 Does Dodoma city council take any measures to reduce the problem of under collection of revenue? If yes, mention them.

9 In your opinion, what do you advice the Dodoma city council to do in order to improve revenue collection in the future?

Thanks for your cooperation's

APPENDIX VI: PERMISSION LETTER



JAMHURI YA MUUNGANO WA TANZANIA
OFISI YA RAIS
TAWALA ZA MIKOA NA SERIKALI ZA MITAA
HALMASHAURI YA JIJI LA DODOMA

Unapojibu tafadhali taja.

Kumb. Na. HJD/I.10/6/113

16 Oktoba, 2023

Mkuu wa Kitengo,
Kitengo cha Fedha na Uhasibu,
Halmashauri ya Jiji,
S.L.P 1249,
DODOMA.

YAH: KIBALI CHA UTAFITI/KUKUSANYA TAARIFA

Husika na somo tajwa hapo juu.

2. Namtambulisha kwako Ndg; **DAVID JOHN MMARY** kutoka chuo cha Uhasibu (IAA) kuja kufanya utafiti katika Halmashauri ya Jiji la Dodoma utafiti huo unahusu ***"EFFECTIVENESS OF THE FACTORS INFLUENCING REVENUE COLLECTION EFFECIENCY IN LOCAL GOVERNMENT OF TANZANIA: THE CASE OF DODOMA CITY"***. Utafiti huo utafanyika kwa miezi miwili kuanzia tarehe **17 Oktoba, 2023** hadi **17 Disemba 2023**.

3. Kwa barua hii, naomba apokelewe na kupatiwa ushirikiano ili aweze kufanikisha utafiti wake kama ilivyoelezwa hapo juu.

Kny: MKU...NZI WA JIJI
HALMASHAURI YA JIJI LA DODOMA
S.L.P. 1249,
DODOMA

Ahsante.

J C. Kisege

Kny: **MKURUGENZI WA JIJI**
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INSTITUTE OF ACCOUNTANCY ARUSHA (IAA)

CERTFICATE OF ENGLISH EDITING

This certifies that the paper tittled

EFFECTIVENESS OF THE FACTORS INFLUENCING REVENUE COLLECTION EFFICIENCY IN LOCAL GOVERNMENT OF TANZANIA:

A CASE STUDY OF DODOMA CITY.

By;DAVID JOHN MMARY
&
DR. KISYERI, DICKSON MATIKO.

It has been edited for language by one or more English experts. Spelling, grammar, punctuation, sentence structure, and phrasing were among the issues that were edited. We guarantee the quality of the English language used in this paper.

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Topic: EFFECTIVENESS OF THE FACTORS INFLUENCING REVENUE COLLECTION EFFICIENCY IN LOCAL GOVERNMENT OF TANZANIA: THE CASE OF DODOMA CITY.

S/N	Comment Given	Justification in Addressing	Location in the revised document
1	Check on grammar and error of the document	Grammar and error already checked and cleared	See the whole document
2	Make sure you follow IAA guidelines and format on your document.	Guidelines and format are followed	See the whole document
3	Make sure reference are writing on Harvard style	Reference written on Harvard style	See on the page 58.
4	Make sure Challenges Facing Dodoma City Council in Revenue Collections pie chart are colored.	Challenges Facing Dodoma City Council in Revenue Collections pie chart are colored.	See on the page 50