

**OUTSOURCING REVENUE COLLECTION BY LOCAL
GOVERNMENT AUTHORITY: KINONDONI MUNICIPAL
COUNCIL, TANZANIA**

**OUTSOURCING REVENUE COLLECTION BY LOCAL
GOVERNMENT AUTHORITY IN KINONDONI MUNICIPAL
COUNCIL, TANZANIA**

By

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**A Dissertation Submitted to Dar es Salaam Campus College in Partial
Fulfilment of Master of Science in Accounting and Finance of Mzumbe
University, Dar es Salaam Campus College**

2013

CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a dissertation entitled “**Outsourcing Revenue Collection by Local Government Authority in Kinondoni Municipal Council, Tanzania**” in partial/fulfilment of the requirements for award of the degree of Master of Science in Accounting and Finance of Mzumbe University

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I wish to state hereby that all deficiencies or errors that may be contained in this document are absolutely my sole responsibility.

DEDICATION

This work is dedicated to my family

LIST OF ABBREVIATIONS

DCC	Dar es Salaam City Council
KMC	Kinondoni Municipal Council
LAAC	Government the Local Authority Accounts Committee
LGA	Local Government Authority
LGRP	Local Government Reform Program
UDA	Usafiri Dar es Salaam

ABSTRACT

The purpose of this study was outsourcing source of revenue collection by Local government Authority; the case of Kinondoni Municipal Council. The study was guided by both general and specific objectives. The general objective was to assess whether the outsourcing sources of revenue collection establish a platform for more effective and efficient revenue collection in Kinondoni Municipal Council. Specific objectives addressed the following aspect, why the council has decided to outsource its revenue collection activities, did the council's revenue increase or decrease after adopting outsourcing of revenue collection, what are the problems facing revenue collectors leading to non achievement of the target, what is people's feel about government's revenue being collected by private agent. A sample of 125 respondents was used. Respondents were drawn from Kinondoni Municipal Council staff, private agent revenue collectors and people who usually pay taxes to the council. Three instruments, namely questionnaire, interview and documentary review of various records were used. Collected data was analyzed based on research objectives.

The finding of the study revealed that outsourcing offers no quick-fix to increase local government revenue collection in Kinondoni Municipal Council. Kinondoni Municipal council experience a substantial problems with corruption and exceptionally high profit margins for the private agents at the expense of accomplishing a reasonable return to the respective of Kinondoni Municipal Council

The study end with recommendation that when appropriate managed and monitored, outsourced revenue collection may establish a foundation for more effective and efficient local government revenue collection.

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CHAPTER ONE

AN OVERVIEW OF THE STUDY

1.1 Introduction

This chapter provide clear background information about the study and it covers the following; introduction, background of the study, the statement of the problem, research objectives (both general and specific objectives), research questions and significance of the study

This thesis aims to study the outsourcing revenue collection by local government authority in Kinondoni Municipal council.

Tanzania has two-tier system of government, that is, the central Government and the local Government which converges together in order to achieve common goals that is development of the people and the country (Galuko,2004).The source of revenue for the local Government are from a number of local taxes and fees collected within the jurisdiction of each local authority. These Local Governments' activities are affected through local authorities which include; city councils, municipal council, town councils and district councils

Thus, the local government Act of 1982 and the Urban Authority Act of 1983 empowered any local authority to pass by-laws, which allow the authority to charge local taxes and collect levies and fees within its area of jurisdiction.

In light of this, taxes and fees, which are charged by most of the local authorities, are property tax, city service levy, hotel levy, billboard, bus stand agriculture produce and livestock

It is through effective collection of taxes and other levies that local authorities are able to get enough amount of funds for development, but not always enough, because part of the money collected are retained in the local authorities and other portion is gained by the central government (Local Government Act,1982).This provides a

challenge to the local authorities to design and develop different source of revenue collections in their respective area

1.2 Background of the Problem

Tanzania has two-tier system of government, that is, the central Government and the local Government which converges together in order to achieve common goals that is development of the people and the country (Galuko,2004).The source of revenue for the local Government are from a number of local taxes and fees collected within the jurisdiction of each local authority. These Local Governments' activities are affected through local authorities which include; city councils, municipal council, town councils and district councils

Local Government Authorities (LGAs) have three major sources of funding: own revenue, central government transfers, and development aid. In addition, user charges and various forms of self-help activities contribute to the running and maintenance of public services such as primary schools and health facility. These Local Government activities are affected through local authorities includes: City Councils, Municipal Councils, Town Councils and District Councils. Thus, The Local Government Act of 1982 and the Urban Authority Act of 1983 empowered any Local Authority to pass bylaws which allow the authority to collect levies within its area of jurisdiction.

In light of this, levies which are collected by most of the local authorities are property levy, service levy, agricultural product, livestock, market fees, gravel levy, billboard fee and business licenses. It is through effective collection of taxes and other levies that local authorities are able to get enough funds for development. The funds however, partly are received or collected from the local authorities sources of revenue and other portion is gain from the central government (Local Government Act of 1982). This provided a challenge to the local authorities to increase the revenue collected from their own sources. The challenges called for the design and development of different sources of revenue collections in their respective areas in order to meet expenditure

In order for the Local Government to perform their statutory obligations the Local Government Reform Program (LGRP) introduce a way forward for the councils to privatize its function to private sector, so that they can perform on behalf of the councils. Revenue collection is among the outsourced function by the council to private collectors though not in its totality.

The revenue collection in local government authority in Tanzania are done from different own sources of councils, sources are like property tax, hotel levy, car parking fee, market dues and bus terminal fees. The revenue collections are done by the different employees from the council who are engaged to different points of collection.

One major administrative problem today for many types of council in Tanzania is that, they are unable to collect fully the revenues as projected. In most council there are huge gaps between reported and projected revenues. “Recent studies conclude that this is due to: poor administrative capacity to assess the revenue base, poor administrative capacity to enforce the fees and tax, corruption, including embezzlement of revenues and external pressure on the local finance department to provide optimistic projections. In this setting, fundamental issues to be addressed in the context of local government fiscal reforms are to redesign the current revenue collection structure and to strengthen financial management.” New Challenge for local government revenue enhancement (REPOA)

Some councils have already started to explore methods to reduce the financial gap caused by the tax and fees rationalization by privatizing revenue collection to private collectors to increase revenues from existing sources such as car parking, bus terminal, natural resource products and livestock auction fees.

The privatization of revenue collection was enhanced by the guidelines on privatizing local government services issued in 2001 by the President’s office-Regional Administration and local government and by the local government Reform program (June 2003) and that of Public Procurement Act no 21 of 2004

Among the good things from privatization of own sources revenue collections to the councils is the increasing of local government authority's revenue, as well as easing administrative problems with the revenue collection.

Outsourcing is the act of the organization or company contracting with another company to provide services that might otherwise be performed by in house employees. The topic of outsourcing is by no means new since the number of research studies published in this area is still growing (REPOA,2008).What is less understood is how to ensure that the outsourcing endeavour will create sustainable value to all participating parties. This work seeks to fill this void of knowledge by conducting a comprehensive research to examine the features of revenue outsourcing in LGA's in Tanzania as well as credibility and working environment of outsourcing system in Tanzania.

1.3 The profile of Kinondoni Municipal Council.

Kinondoni Municipal Council is located in the northern part of Dar es Salaam City. It has an area of 531 sq. km with a population of 2,497,940.

The population growth rate is estimated to be 4.3% per annum and the population density is 1,179 people per square km. In addition, the population is getting more advanced and demanding better services. The model of health services delivery in

Kinondoni Municipal Council is based on preventive, promotive and curative care. The line of operation starts from the Dispensary, Health center to the Municipal Hospital.

The mission of the Council is to ensure that health beneficiaries are provided with affordable and good quality of care at its health facilities and also to enhance preventive health services at facility and community level. The Municipal Medical Officer of Health (MMOH) through the Council Health Management team (CHMT) plays the main role of managing, coordinating and supervising all health services provided at public health facilities. In addition the MMOH coordinators have the role of supervising more than 168 both public and private health facilities existing in

the Municipality. At present, the Kinondoni Municipal Council coverage plan comprises of 33 public health facilities and 168 private health facilities. There is one municipal public hospital (Mwananyamala) and 2 municipal public health centres namely Magomeni and Sinza.

The Action Plan objectives are to improve the health and well being of all Kinondoni population especially the indigent and most vulnerable, and to make health services available, affordable, sustainable and efficient. The strategy is to expand the health delivery system by constructing new health facilities and expanding the existing ones. This will have to take care of the actual catchments area of service and the degree of choice and possibilities of access of patients seeking care. In implementing this, areas have identified which need attention as a way of improving provision of health services in Kinondoni.

These includes ,strengthening of Information System, capacity building in terms of short and long term training at all levels in management ,planning monitoring and evaluation ,curative services by equipping the health facilities with required modern equipments and supplies, continuation of improvement of health facility infrastructure by expansion of the available health facilities and construction of staff houses and strengthening of community involvement through training and support for mobilization and implementation.

1.4 Statement of the Research Problem

The main objective of the adoption of outsourcing strategy by the LGA's has been to increase the revenue which will be utilized towards financing developmental activities within the local councils.

In this sense, LGA's require to have strong governance and transparent systems in operations to oversee the successful implementation of the financial outsourcing strategy. There currently exists a number of challenges in the implementation of the outsourcing strategy by LGA's which includes weak human resources, poor record keeping, lack of well-established financial systems in place and the where about of the utilization of the generation revenue from the projects.

Therefore the outsourcing system for revenue generation has faced a lot of criticisms by member of the public that it does not deliver its intended objectives.

Although outsourcing offer continuous improvement on critical business processes, vendors and clients look to incorporated quality; lowering cost, and improving business focus (Thibodeau, 2004).It is undisputable fact that there is no clear evidence whether outsourcing in Tanzania LGA's has led to better revenue administration performance compared to what would have been the case, had the tax administration remained within the local government depending on local circumstances. Hence, there is a need to conduct the research in order to investigate whether the outsourcing of revenue collection bring high revenue collection to LGA and can be the solution to their problems which has persisted for the number of years.

1.5 Objective of the Study

1.5.1 General objective

To assess whether the outsourcing of revenue collection establish a platform for more effective and efficient local government revenue collection and administration

1.5.2 Specific objective

The study was guided by the following specific objectives

- (i) To identify the reasons which lead to outsourcing of revenue collection
- (ii) To assess changes in the Council's revenue after outsourcing revenue collection functions
- (iii)To examine the challenges facing revenue collectors
- (iv)To examine how the Kinondoni Municipal Council (KMC) and the people perceive the operations of outsource revenue collection by the agent

1.6 Research Questions

1.6.1 Broad Research Questions

The study answered the following two main research questions

- (i) Why, despite the good initiative undertaken by KMC to outsource revenue collection there exist problems of realisation of enough revenue for developmental project?

1.6.2 Specific research Questions

The following were the specific research questions

- i. What are the reasons for council to outsource revenue collection function
- ii. Did the Council's revenue increase or decrease after adopting outsourcing of revenue collection
- iii. What are the problems facing revenue collectors.
- iv. What is people's feel about government's revenue being collected by private agent?

1.7 Significance of the study

The assessment of effect of outsourcing revenue collection in local government authorities at KMC is significant in the following aspects:-

Policy Makers

The study is likely to help policy makers to come up with the appropriate policies to address the problem related to outsourcing of revenue management and adopt appropriate measures to solve them.

Government

The study helps the government to identify the appropriate means of outsourcing geared towards bringing about development within the LGAs it will enhance improvement of revenue collections and sustainability of KMC

Scholars

The study is intended to help the academicians as a source of literature for further research about the effect of unguided administration of outsourced revenue collections by the LGAs in Tanzania.

It also meant to help the researcher to better understand the factor behind effective management of outsourced revenue generating facilities

1.8 Delimitation of the study

Time

The time to conduct study is short compared to the factor that the researched need to conduct research and work to earn a living. Also the time will not be enough to cover as many respondents as possible

Financial Constraints

The budget for the research is expected to from the researcher and will not be enough to travel through various areas and to pay more research assistants and hence purposively sampling will be selected which will minimize the cost without jeopardizing the research findings

Non Respondents

It is common for number of questionnaire not to be returned and making it difficult to get respondents opinion. The researcher will administer closely the questionnaire to reduce the number of non-respondents by making sure that the distributed questionnaires are returned in not more than two days.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter provided theoretical and empirical studies that are related to this study, and concluded by an explanation on the perceived research gap. The purpose of this chapter is to form foundations upon which intended study on assessing revenue collection by outsourcing source of revenue at KMC in order to increase revenue

2.2.1 Theoretical Review

Outsourcing Revenue Collection; Experience from LGAs in Tanzania

No clear pattern can be discerned from the current local government revenue structure as each council has its own tax structure, implying that there are more than 110 local government revenue structures in the country. How did this revenue system emerge? There are three main reasons for this according to Fjeldstad & Semboja (2000). These main reasons are:

Firstly, the bylaw system allows local authorities to introduce new taxes and rate changes, subject to ministerial approval. In principle, every activity located within the jurisdiction of an authority is taxable. Indeed, the Local Government Act provides that activities can pay tax to both central and local government. The Act requires the Minister to approve the proposals for new taxes and rate changes before implementation. In practise, however, proposals from the councils on tax changes seem to be rarely turned down by the Ministry. The most substantial impact of the ministry's involvement is to delay the process of approving new by laws. Thus, approvals may not be granted until well into the financial year in which they were expected to come into effect.

Secondly, there are no clear criteria for tax design. For instant, there is no clause in the Finance Act that encourages local authorities to take economic efficiency into consideration. Neither is there any reference to the administrative costs of the tax system. Thus, the various decision makers involved in tax design can pursue

different criteria more rigorously than the others. There are therefore inherent reasons in the local government institutional arrangement to design a tax system that points in many directions. In some councils reviewed, the administrative staff, including tax collectors, put more emphasis on revenue generation than elected councillors who emphasise people's ability to pay. Local politicians are interested in security their political base at all level.

Thus, politicians are most likely influence by their constituents when proposing changes in revenue base and revenue bases and rates. In some council this influence is reflected in the fine-tuning of the tax structure, based on equity considerations. The large number of sub bases and rates observed in some council reflects the influence of local politicians in tax design. This implies that we may observe huge variations in tax design between local authorities depending on the relative bargaining power of councils and bureaucrats (Fjeldstad & Semboja 2000).

Thirdly, there has until recent been little or co-ordination between the ministry responsible for local government and Ministry of Finance with respect of taxation. This has partly to do with lack of capacity at all level. At the local level the serious shortage of qualified staffs at the treasury and planning departments has been noted across almost all councils. Even the ministerial level has no expertise on tax issues. However, even if it contained any, they would easily be over –flooded by the influx of proposals from more than 100 councils.

Therefore, the local revenue systems have developed without interference from the centre. Furthermore, lack of co-ordination has led to duplication of taxes and inconsistencies between taxes imposed by local authorities (e.g., high taxes on export crops) and the national government's policy to encourage export production (ibid)

Table 2.1 List of permitted local government taxes and revenue sources

<p>Taxes on property</p> <ul style="list-style-type: none"> • Property rates <p>Turnover Taxes</p> <ul style="list-style-type: none"> • Service levy <p>Taxes on Goods and Services</p> <ul style="list-style-type: none"> • Crop cess • Forest produce cess <p>Taxes on Specific Services</p> <ul style="list-style-type: none"> • Guest house levy <p>Motor Vehicles, Other Equipment and</p> <p>Ferry Licenses</p> <ul style="list-style-type: none"> • Vehicle license fees • Fishing vessel license fees <p>Motor Vehicles, Other Equipment and</p> <p>Ferry Licenses</p> <ul style="list-style-type: none"> • Vehicle license fees • Fishing vessel license fees <p>Administrative Fees and Charges</p> <ul style="list-style-type: none"> • Market stalls/slabs dues • Magulio fees • Auction mart fees • Meat inspection charges • Land survey service fee • Building permit fee • Permit fees for billboards, posters or hoarding • Tender fee 	<p><i>Business and Professional Licenses</i></p> <ul style="list-style-type: none"> • Commercial fishing license fee • Intoxicating liquor license fee • Private health facility license fee • Taxi license fee • Plying (transportation) permit fees • Other business licenses fees <p>Other Taxes on the Use of Goods, Permission to Use Goods</p> <ul style="list-style-type: none"> • Forest produce license fees • Building materials extraction license fee • Hunting licenses fees • Muzzle loading gun license fee • Scaffolding/Hoarding permit fees <p>Administrative Fees and Charges (Cont'd)</p> <ul style="list-style-type: none"> • Revenue from sale of building plans • Building valuation service fee • Central bus stand fees • Sale of seedlings • Insurance commission service fee • Revenue from renting of houses • Revenue from renting assets • Parking fees <p>Entrepreneurial and Property Income</p> <ul style="list-style-type: none"> • Dividends • Other Domestic Property Income • Interest
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<ul style="list-style-type: none"> • Abattoir slaughter service fee • Artificial insemination service fee • Livestock dipping service fee • Livestock market fee • Fish landing facilities fee • Fish auction fee • Health facility user charges • Clean water service fee • Refuse collection service fee • Cesspit emptying service fee • Clearing of blocked drains service Fee 	<ul style="list-style-type: none"> • Land rent <p>Fines, Penalties and Forfeitures</p> <ul style="list-style-type: none"> • Stray animals penalty • Share of fines imposed by Magistrates Court • Other fines and penalties
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Source: Local Government Finances Act (Schedule), as adopted in 2003. Revenues are categorized as on the Ministry of Finance website (www.mof.go.tz)

According to Fjeldstad & Semboja (2000), one major administrative problem for many councils is their inability to realise fully the revenue due to them. Thus the ration between reported and projected revenue differs significantly both between councils and between areas within the council. The following factors provide some explanations for this wedge:

(i) Poor administrative capacity

In many rural councils there are fewer collectors than the number of major market centres. In such cases, tax collectors must travel among market sites, making collection more occasional and difficult to enforce. Lack of reliable transport further exacerbates the situation. Given the complicated revenue system, it is justified to suggest that local government do not have adequate collection personnel, and that a substantial strengthening of staff is needed to administer the present revenue system. To establish adequate capacity for designing and administering the existing revenue system in all these councils will require more resources than can be available in the short to medium term in Tanzania (ibid).

(ii) Resistance from taxpayers

Taxes are widely perceived to be unfair. Tax payers see few tangible benefits in return for the taxes they pay. Virtually no development activities are undertaken through councils' financial sponsorship, and even the existing capacities are not producing the expected services due to lack of operation and maintenance funds. The deterioration and in some cases non –existence of public services heighten taxpayer's perceptions of exploitation from an unequal contract with government. This promotes tax resistance. Thus, tax resistance may be considered as an attempt by the taxpayers to adjust their terms of trade with the government (ibid).

People may take to the extreme to evade taxes, such as literally hiding in the bush when tax collectors are approaching. Tax resistance sometimes also takes more violent forms (Fjeldad, 2001). In Kilosa District Council, tax collectors avoid certain villages are only visited by collectors accompanied by the local militia. Cases of tax revolts are also reported from councils in other regions, including Kilimanjaro region and the Coastal Region.

For instance, Daily News (28 November, 1997:5) reports that 'over twenty Moshi municipal Council workers who were on a special operation to net development levy defaulters were attacked by a mob at Mbuyuni Market on Wednesday afternoon and eight of them were injured, some seriously.....' These revolts are in general spontaneous and disorganised.

Thus, in circumstances where taxes are perceived to be unfair and people receive few tangible benefits in return for taxes paid, we may expect that only coercive methods of tax enforcement will generate tax revenues. The reciprocity or contractual relationship between taxpayers and the local government seems to be absent. Moreover, harsh tax enforcement combined with poor service delivery contributes to undermine the legitimacy of the local government and increase tax resistance (Fjeldad, 2001).

(iii) Corruption

Fiscal corruption is extensive in local authorities. It takes many forms and varies by types of taxes, methods of tax collection and location. It cuts across all levels of the local government, from the villages to the councils' headquarters.

The magnitudes in terms of the amounts of money involved seem to rise in step with administrative level of the council. Although many cases of corruption between taxpayers and collectors are reported, the most common type of corruption is embezzlement of revenue by tax collectors and administrators. Three factors have led to widespread theft of tax revenue within the local authorities: the low level of wages paid to staff; the complex nature of the tax structure; and inadequate controls (Fjeldstad & Semboja 2000).

The official wages of government employees in Tanzania are very low. According to Mans (1994:378), the average civil servants pay package covers only about 40 per cent of the expenses of a typical household. Therefore, to say that civil servants cannot live on their wages is a statement of fact. As administrators and tax collectors do manage to make a living, it means that they have other sources of income in addition to their salaries. These other sources may include income from farms or jobs in the private sector, as well as from embezzled funds.

(iv) Political pressure

Political pressure is considered a major impediment to revenue collection in some councils. This problem stems from the fact that taxes are generally disliked and councillors who want to be re-elected disassociate themselves from increased taxation. In some cases councillors are also reluctant to raise local taxes and charges because they are major local landowners or business people who seek to minimise their personal tax burden.

Tax collectors interviewed stated that councillors obstructed tax collection and talk 'cheap politics'. This apparent conflict between collectors and politicians is rooted partly in divergent objectives with respect to tax design, and partly in the lack of trust between administrators and politicians at the local level. Based on data from 14

district councils, Jacobsen (1999) finds that there is a ‘trust deficit’ in the political administrative relations at the local level in Tanzania.

Evidence concerning the impacts of political intervention in tax collection can be found in the councils’ financial statements. Some councils experience revenue shortfalls during election years, particularly with respect to development levy. In a sample of 48 councils, 31 councils experienced a drop in revenues in the 1995 election year (Fjeldstad and Semboja, 1999).

This may be due to the influence of politicians (both local and central government politicians). Statement such as, ‘don’t harass taxpayers’ were quoted from CCM-politicians (the ruling party) who tried to moderate the tax collectors’ efforts to enforce taxes during election years. On the other hand, politicians from the opposition parties approached taxpayers directly and advised them ‘not to pay taxes’, according to their view, were used to finance the CCM government.

Outsourcing of revenue collection was enhance by the guidelines on outsourcing local government services issued in 2001 by the President’s office – Regional Administration and Local Government (Fjeldstad, Katera and Ngalewa 2008). Privatised collection offers no ‘quick-fix’ to increasing a local government authority’s revenue, as well as easing administrative problems with the revenue collection. While collection had increased and become more predictable for some councils which had outsourced revenue collection, other had experienced substantial problems with corruption and exceptionally high profit margins for the private agents at the expense of accomplishing a reasonable return to the local government authority. However, when appropriately managed and monitored, the outsourcing of revenue collection can establish a platform for more effective and efficient local government revenue administration.

2.2 Reasons and benefits of Outsourcing

2.2.1 Reasons to Outsource

Outsourcing is not an end in itself. Its successful adoption involves departments in making important decisions about the business they are in and the best mechanism

for delivering their services to the community. Outsourcing is a management tool and should be approached in that manner. In letting an outsourcing contract, whether for the first time or as a renewal exercise, the first step is to determine the primary reasons for the outsourcing. The following are the reasons for outsourcing;

(i) For the Principal; to outsource activities can help to Reduce and control its operating cost.

BPO Company (2006) stated that, operational cost can be reduced through outsourcing. All of the cost involved in collecting revenue is incurred by the agents. Blokdiik, G. (2008), said that Principal can outsource its function in order to reduce the operational costs, and this is the primary force behind the initiative to outsource, and therefore the agent can generate quality services or products at lower cost it is good for the principal. Brown (2005), when explaining on the reason for outsourcing the author pointed out that the principal can generate immediate cost savings, Dominguez (2005) stated that the most important reason of outsourcing is cost savings.

(ii) Improve company focus

BPO Company (2006), Expected increase in revenue collected by private agents will enable principal to meet the objective of financing different developmental activities/projects. Undertaking developmental projects are major focus of the Council. According to Blokdiik, G. (2008), principal can consider competitor of the business in the future and give careful thought about outsourcing and its effect to the business if the current agent is performing poor or do not meet the requirement/conditions of the contract.

Brown (2005) said that because of outsourcing the principal gained broader control over all of the functions in their area of responsibility, hence, were free to direct their attention to the more strategic aspects of their jobs while leaving outsourced activities to the agent.

(iii) Gain access to world-class capabilities

BPO Company (2006), and Blokdijk, G. (2008), has explained that due increase in revenue collection after outsourcing, the Councils which have outsourced revenue collection tasks did meet strategic objectives and can help the government to meet expenditure needs.

(iv) Free internal resources for other purposes

BPO Company (2006) has explained that if the revenue collected has increase through outsourcing the principal can use the internal resources for other purpose to meet it needs without the need of employing other workers.

(v) Resources are not available internally

Blokdijk (2008) and BPO Company (2006), argued that the principal outsource because they do not have access to the required resources within itself or it is not performing well. Outsourcing is a viable alternative to building the needed capability from the ground. New organizations, spin-offs, or companies expanding into new geography or new technology should consider the benefits of outsourcing from the very start.

(vi) Accelerate reengineering benefits

Blokdijk, G. (2008, Pg 42) and BPO Company (2006), observed that reengineering aims for dramatic improvements in critical measures of performance such as cost, quality, service and speed. But the need to increase efficiency can come into direct conflict with the need to invest in core business. As non-core internal functions are continually put on the back burner, systems become less efficient and less productive. By outsourcing a non-core function to a world class provider, the organization can begin to see the benefits of reengineering.

(vii) Function difficult to manage/out of control

BPO Company (2006), stated that it was difficult to control the activities of private Agents because they have the power to conduct their activities in order to fulfil the contract. Brown, M. (Oct. 28, 2010) stated that there is Management problems, if you outsource the job you have to depend on the terms and conditions too. As such you may not have total control over the team. Blokdijk, G. (2008, Pg 37-38 & 42), noted that you lose control so as to the hire qualified people (agents) to handle your product in order to reduce cost and increase profit.

(viii) Make capital funds available

BPO Company (2006), said that there was tremendous competition within the principal for capital funds. Deciding where to invest these funds is one of the most important decisions that management makes. It is often hard to justify non-core capital investments when areas more directly related to producing a product or providing a service compete for the same money.

(ix) Share risks

According to BPO Company (2006), if the revenue collected by the agents is not sufficient the risk can be shared by agents and principal. Hillstrom, K. (2001), argued that prior to the mid-1980s, many companies sought to acquire other companies and diversify their business interest in order to reduce risk.

(x) Cash infusion

The revenue collection increases because of the new talent brought to the process by private Agents BPO Company (2006). According to Greaver II (1999), there is financial strongest due to cash generated by transferring assets to the provider. Brown D. (2005) on the reason for Outsourcing said that the firm can realize a cash infusion from the sale of assets.

(xi) Higher Retention Rates

According to Blokdiik, G. (2008), Companies that outsourced part of their functions which they were unable to perform better have higher customer retention rates. If a Company gives much importance to combining creation programs and motivating talented agents with timely execution, then there are dramatic increases in customer retention. The principal should be able to impart to their outsourcing agents that customer satisfaction is the key to customer retention.

Generally, privatizations in Tanzania focus at increasing the efficiency of the productive sector, reducing government budgetary cost and increasing revenues to sustain employment and to meet government expenditures

2.2.1.2 Importance of outsourcing

According to PSRC (2000) the benefits of outsourcing are as follows;

(i) To improve efficiency

Outsourcing of revenue collection task to the private companies has improved the revenue collection exercise; there is an increase in revenue collected because of increased efficiency in the collection. Greaver II (1999, p.4), advocated that outsourcing institution can increase flexibility to meet changing business conditions, demand for products and service and technology.

(ii) To offer new employment opportunities

When evaluating the revenue collection by an agent has observed that, the Agent can employ new workers to collect the revenue; from their study it can be deduced that in addition to other benefits outsourcing increase employment and therefore it can reduce employment problems in this country.

(iii) To bring new skills and technology

To maximize revenue collection, agent is obliged to employ new skills and technology. Maximization of revenue is an important aspect to ensure profit maximization for her business sustainability and meeting obligations of the principal.

Blokdijk, (2008), said that there were technology problems in the Government agencies. Because of its inability to keep pace with e-government initiatives, demands for greater interagency collaboration, and the need for standardized environments was seen to be inevitable. Government agencies still worked on outdated equipment, and also Government agencies aging workforce and the non IT staffs.

Dominguel, (2005), said that the most important of outsourcing is to gain new skills. Functions are often outsourced because organizations need reliable access to new technologies. Certain suppliers may have proprietary access to technology or other intellectual property which the company would not otherwise have access to. This new technology may improve efficiency and the long-term total cost structure. (Jackson et al. 2001; Belcourt 2006)

(iv) To increase capacity utilization

Outsourcing can increase capacity utilization of resources and therefore revenue collection is increased. Revenue collecting agent can employ factors of production suitable for the activities as well as deploying mechanism which enhance revenue collection. Principal will use the resources saved by employing agent for the other activities which would otherwise require further resources to be accomplished and which might be costly.

(v) Financial empowerment to enhance production

Increase in revenues as a result of outsourcing revenue collection, will help the principal to finance some developmental projects. Projects like roads maintenance which falls under their financial jurisdiction can be easily financed. Good roads are necessary to facilitate good transportation system which is an important aspect in economic development. According to Greaver II (1999), the principal financial status was improved due to reduce investments which were planned for the activities which were outsourced to the agent free up these resources for other purposes.

(vi) To open up foreign markets to our products

Outsourcing can be open to international trade, and therefore make it easier for producers of goods or services to export their products to foreign countries. Dominguez, (2005) said that for Outsourcing institution can increase market penetration for its product if opportunities will be available to other countries through international trade.

(vii) To increase Government revenue through taxes and dividends

Government revenue will increase due to charging taxes on imported goods and services. Government revenue increases due to charging pay as you earn to the employees employed by collecting agent and dividends paid by corporations due to investment within the country Blokdiik, (2008), stated that increases government revenue due to Outsourcing Government functions, is an answer to having the delivery of better service to taxpayers on time, after all taxpayer deserve to see results on where

(viii) Privatization of Local Authorities Services

In Tanzania, apart from privatization of parastatal institutions, some of local authorities' activities were/are being privatized. Privatization in Local Authorities for example, has been effected through commercialization of some councils/municipals services such as recreations through leasing out physical intra and infra structures as well as social services to private institutions.

In some regions like Dar es Salaam, local government authorities have privatized operations of car parks and bus stands. In some cases, however, local authorities have privatized provision of all services originally supposed to be carried out by local government authorities.

Generally, privatization of Local Authority services has been effected through different approaches and has brought different outcomes to the Local Authorities.

According to Klaus (2000), public services have been the major functions that have been privatized. He continued to explain that in Tanzania during the 1970s public

transport in municipalities was provided by central government agencies. For examples in Dar es Salaam city transport was provided by public firm called Usafiri Dar es Salaam (UDA). Originally, UDA provided quality and efficient services but as time lapsed, quality of services deteriorated. Deterioration of UDA services to a larger extent was a catalyst for its privatization, hence entry of private transportation services through 'Dala Dalas' in the Dar es Salaam city.

2.2.3 Challenges facing Kinondoni municipal Council (KMC) on privatization of revenue collection.

According to Fjeldstad et al (2008), a major challenge facing privatized revenue collection in (KMC) is related to the assessment of the actual revenue potential for various tax bases. Currently, this assessment is conducted on an ad hoc basis, often based on a previous year's reported collection. Substantial underestimation of the revenue potential may imply that actual collection by the agent is substantial higher than what is reflected in the contract. Consequently, there is a risk for ending up in a situation where the agents keeps the substantial portion of the revenues collected, which already seems to be the case in some places.

To meet the objective of outsourcing, the KMC needs to establish criteria. Those specific criteria will ensure that private contractors provide reasonable returns to the Kinondoni Municipal Council. This to be achieved, Kinondoni Municipal Councils need to install an effective system for assessing revenue potential of the project before outsourcing decision is made.

Fjeldstad et al (2009), observes that among the good things from privatization of own sources revenue collections to the private collectors is the increasing of local government authority's revenue, as well as easing administrative problems with the revenue collection. There are advantages and disadvantages of outsourcing revenue collection.

2.2.4 Advantages of outsourcing revenue

(i) Revenue enhancement and predictability.

Revenue collected during the outsourcing strategies have increased compared to those collected before outsourcing. There are two factors which are interrelated, revenue and cost. Normally, collections of revenue which are outsourced are those which are considered by the council to be most challenging and costly. Contracting collections of such nature increases revenues and reduces costs. [Fjeldstad et al (2009)].

According to Greaver II (1999) outsourcing institution can benefits from gaining market access and business opportunities through the provider's network and expand sales and production capacity during periods when such expansion could not be financed.

According to Darkers (2004), outsourcing has the potential to bring lower overall costs and equal or improved quality of services and products.

Outsourcing yield more revenue that compared to what the principal have been collecting from the same source. The reasons behind this yield due to the fact that most organisation do outsource all the area/ source in which they see that are problematic and are costly to collect revenue. When the organisation leaves the problematic area to agent it can concentrate on other areas in which it can do better and increase its efficiency in collection and hence more revenue.

(ii) Reallocation of Council staff.

Fjeldstad et al (2009), argued that outsourcing long term cost reductions may result from savings of expensive staffs, time and energy, as well as space, utilities, materials, and equipment, making funds available for other activities. Before outsourcing the Mwanza Municipal council treasury staff spent a substantial share of their time on tax collection.

After outsourcing, council staff could be released to other and more pressing responsibilities within the council.

Thus cost reduced to the council because private collection implies lower administrative costs for local government employees.

(iii) Corruption

Corruption between council staff and the private agent has also discussed as a factors that causes the amount remitted to the council to be reduced compared to total revenue collected by the Agent. This is due to weak routines for revenue assessment on a regular basis and between member of Tender Board and private entrepreneurships.

An important measure to reduce this potential problem is to ensure the capacity of the local government revenue administration to assess the actual local revenue base is properly done and if possible by independent parties.

Private collection is likely to reduce corruption at the collection point by offering mechanisms for penalizing poor collector performance. A private collector can put;

- (a) More effective mechanisms for penalizing poor performance on the part of collector and
- (b) A stronger personal interest in the collection result. (Fjeldstad at el (2009)).

(iv) Political interference

Political interference by some councillors in the Council are minimized by outsourcing strategy compared to when council staff conducted the collection activities, because cannot easy for political leaders to interfere collection if that collection is under the private agents because the agents perform their duties according to contract agreement (Fjeldstad at el (2009))

(v) Monitoring the private agent.

According to Fjeldstad at el (2009), who wrote that in order to avoid substantial losses by default or embezzlement, the agent must submit revenues to the council in frequent instalment. The contracts are usually for a limited period often one year, although an agent can still apply for renewal on a competitive basis. And also the

Councils need the bank statement and immobile assets as a security from the Revenue Collector; because some agents can disappear with the revenue they have collected.

This is advantage to monitoring the agents because some agents may not comply with their contracts either by not submitting revenue collected to the council, or by submitting less money than stipulated in the contract. If the agents does not fulfil conditions stated in the contract of paying properly, in some cases the council may bring the agents to court, which is a costly and time consuming.

(vi) Cost savings

Outsourcing of revenue collection brought about various advantages including cost savings or better cost control over the outsourced function Fjeldstad at el (2009),. Companies usually outsource to a vendor that specializes in a given function and performs that function more efficiently than the company could, simply by virtue of transaction volume. Generally the company which performs the same function as its major business do perform the functions better than those in which they do not perform the function as its core function.

(vii) Staffing levels

Fjeldstad at el (2009), Powel, (2006), Dominguez (2005), Brown and Wilson, (2005), explain common reason for outsourcing is to achieve headcount reductions or minimize the fluctuations in staffing that may occur due to changes in demand for a product or service.

Companies also outsource in order to reduce the workload on their employees (freeing them to take on additional moneymaking projects for the business), or to provide more development opportunities for their employees by freeing them from tedious tasks like collecting of revenues at bus terminal. During the collection process the terminal requires full time accountant to account for the revenue collection. The accountants at other places do various activities and hence full utilized.

(viii) Get access to specialized services

Fjeldstad et al (2009), on the advantage of outsourcing argued that, by outsourcing the principal can get expert and skilled services. The benefit of outsourcing has been the key reason why several outsourcers opt for outsourcing. The function that you outsource may not be your core competency, but you can find an outsourcing partner who is specialized in that particular business process. Your outsourcing partner will be able to provide more proficient services.

This is yet another benefit of outsourcing, because if you perform all your business processes in-house, you will not be able to provide specialized and skilled services. In revenue collection the company which is given the job is ought to have better means of collecting the revenue and hence more collection and less cost with improved mechanism for the job.

2.2.5 Disadvantages of outsourcing revenue

(i) Addition cost to the principal.

The principal must perform regular monitoring and evaluation of the agent activities for example, financial accounting information may be important and easily assessed. The invoice received from the contractor must be for amount originally quoted per unit of product or services. But other performance criteria must be evaluated also; therefore this can add cost to the principal.

This can add another cost either to employ new workers and or use the old one and pay extra duty for performing that activity of evaluating the activities performed by the agent in order to know the amount collected by the agents if is equivalent to the amount paid to the council or amount stated in the contract as monthly payment is low.

(ii) Quality Problems

Fjeldstad et al (2009) argued that, the outsourcing company will be motivated by profit, increase in revenue or improvement of services. Since the contract will fix the price or other criteria, the only way for them to increase profit, revenue or quality of

service will be to decrease expenses, reduce the evasion of not paying revenue or reducing the hurdles in operation. For those contracted in revenue collection as long as they meet the conditions of the contract, they will pay the fixed sum. In addition, they will lose the ability to rapidly respond to changes in the business environment. Outsourcing may decrease the quality or fail to realize business value, thus resulting to lower quality of service if call agents are having difficult to understand the client. Because the agents have a tendency to hiring less qualified people to perform the job, thus in order to reducing cost.

(iii) Loss of experienced staff.

According to Fjeldstad et al (2009), Outsourcing may lead to a loss of experienced staff and/or the occurrence of human resource problems. In extreme cases, staff may be laid off, dismissed, or reassigned to other areas of the activities where negative attitudes can contribute to stress, low morale, distrust, poor customer services, and even sabotage.

Staff removed from the revenue collection sources may not contribute positively in other areas and decide to leave the organisation and join the outsourced firm leaving inexperienced staff whose contributions to the organisation take long due to the learning process. It affects the jobs of individuals within the locality as companies begin to outsource causing job disruption and employment insecurity.

(v) Threat to Security and Confidentiality

The life-blood of any business is the information that keeps it running. If you have payroll, medical records or any other confidential information that will be transmitted to the outsourced company, there is a risk that the confidentiality may be compromised. If the outsourced function involves sharing proprietary company data or knowledge (e.g. product drawings, formulas, etc.), there is the risk of losing confidentiality. You need to evaluate the outsourced company carefully to make sure your data is protected and the contract has a penalty clause if an incident occurs. Brown, M. (Oct. 28, 2010).

Revenue collection is very important aspect in organisation because it generates income for the organisation's activities. The agent will have full information on collection process and the exact amount being collected. In case the agent is removed the, can spread information to other unnecessary bodies which may distort the principals' reputation to the public.

(iv) Loss of Managerial Control

If you outsource services you can sign a contract to have another company perform the function of an entire department or single task, you are turning the management and control of that function over to another company. True, you will have a contract, but the managerial control will belong to another company. Fjeldstad O. at el (2009)

Brown, M. (Oct. 28, 2010) stated that there is Management problems, if you outsource the job you have to depend on the terms and conditions too. As such you may not have total control over the team.

2.3 Empirical Literature Review

In the year (2005-2009) Fjeldstad, Katera, Msami and Ngalewa (2010) states that there is change and impacts of the on-going Local Government Reform in Tanzania, and to provide managers and key stakeholders with operationally relevant data and analyses of lessons learned during implementation. The research aims to promote informed dialogue among stakeholders to ensure that policy making is a consultative process.

The vision of the local government reform is to see improvement in service delivery to poor people in Tanzania. Finances and financial management are crucial for the successful implementation of the reform. There are important issues and changes over time: Financial planning and budgeting in local government authorities, revenue administration and mechanisms of tax enforcement, central government transfers, the councils' own revenue generation, financial accountability, and taxpayers' compliance. There is thus a strong overlap of issues between governance and local finances and financial management.

The local government capacity with respect to financial management and revenue enhancement, and analyses trends in financial accountability and efficiency for the period 2000–2006/07. The study covers six councils in Tanzania: Bagamoyo District Council, Ilala Municipal Council, Iringa DC, Kilosa DC, Moshi DC, and Mwanza City Council.

Data were collected using a combination of quantitative and qualitative methods, including two rounds of a survey of citizens' perceptions in the case councils in 2003 and 2006. The following themes are covered: (a) the degree of fiscal autonomy; (b) methods of revenue collection; (c) financial management, including budgeting, accounting and auditing; (d) transparency in fiscal and financial affairs; and (e) tax compliance and fiscal corruption.

Based on the evidence collected, the study concludes that the process of decentralisation by devolution under the Local Government Reform Programme has contributed to improving local government capacity for financial management. However, the reforms have reduced the fiscal autonomy of local government authorities. The central government currently contributes to the bulk of local government revenues through transfers and still largely determines local budget priorities.

Revenue Collection in the Local Government Authorities in Tanzania has been a concern of the Government. The Local Authority Accounts Committee (LAAC) which has been mandated to supervise local government accounts in areas such as revenue and expenditures emphasize District Executive Directors/City Directors to improve collection of revenues. Studies conducted by different individuals and organizations indicated that privatization of revenue sources improves revenue collection of the Councils.

For example in 1997 Mwanza City Council decide to outsource revenue collection from some sources such as Mwaloni Fish Market and Central Market. The revenues from these sources had increased; the revenue from market fees increased from Tshs 53.3 million in 1996 to 176.9 in 1997. Fjeldstad, Katera & Ngalewa (2009)

Semboja and Therkilden (1992) in their study on resource mobilization in local authorities in Tanzania revealed that local authorities are not able to collect sufficient revenue to finance the operations and maintenance of basic services. In their study, they identified several causes of poor revenue collection in local authorities among them being

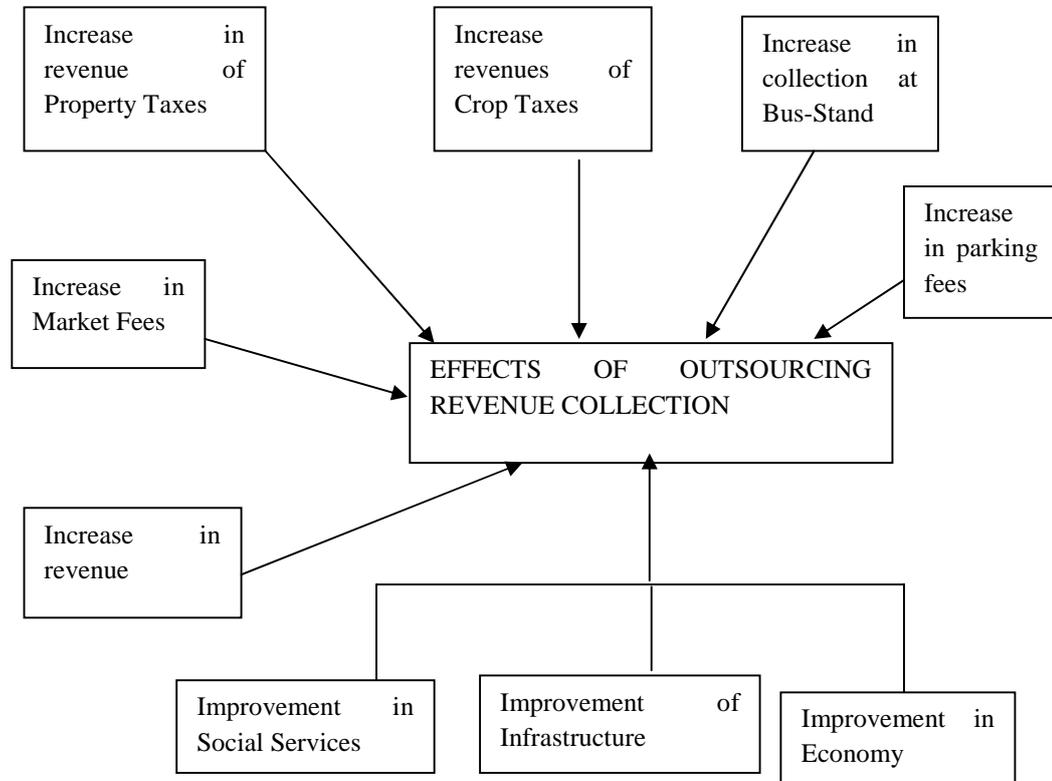
- (i) The administration of revenue collection has generally been poor,
- (ii) Certain potential important sources such as producers' cess, market dues, have not yet been fully exploited.
- (iii) There are people who strongly believe that local authorities are not inherently inefficient, and their displacement through privatization does not necessarily result into better performance.

According to Stella et al (1997), the poor financing of Dar es Salaam City Council (DCC) in its own development projects, is due to unstable revenue base, which has led to the public dissatisfaction and criticism on the poor performance of DCC in the provision of social services and development activities.

2.4 Conceptual Framework

A hypothetical model guided this study. The hypothetical model with the design borrowed from Katz and Khan, (1992) indicate sources of revenue collection in Local Government Authorities (Figure 2.1). In this hypothetical model privatized sources of revenue collection are considered as independent variables and functions of Local Government Authorities are considered as dependent variables for this study.

Figure 2.2: Effect of Outsourcing Revenue Collection

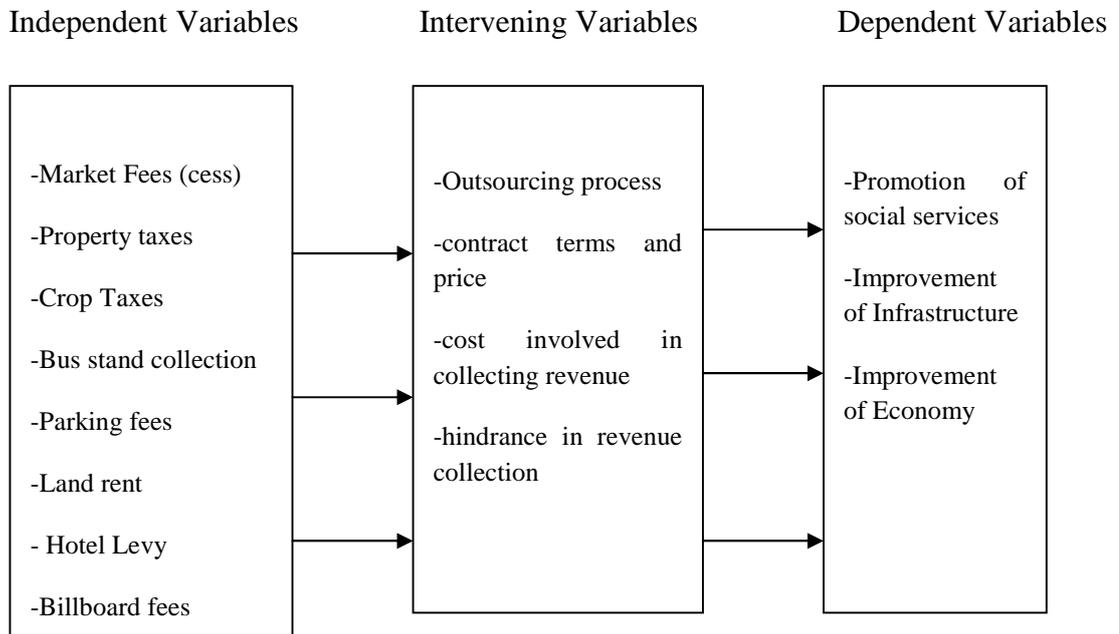


Source: Adapted from Katz and Khan (2009)

According to the above hypothetical models, the independent variables are those which can stand and have the tendency of affecting dependent variables. The dependent variables cannot stand on their own as their effectiveness should be aided by other parameters (independent variables).

Thus, income which is the ultimate of all process that is generated from outsourcing of revenue collection may enable effective functions of local authorities such as promotion of social services (dependent variable) depend on availability of revenue sources such as property tax and business licences (independent variables).

Figure 2.3: Framework of Outsourcing Revenue Collection



Source: Researcher, 2013

The above figure 2.2 it shows the relationship between Variable (Independent and dependent variables) for outsourcing some sources of revenue if to be successful it requires a commitment from both parties (Agent and KMC) for increases revenue collection. Outsourcing revenue collections that are primarily motivate social services and improvement of economic development.

2.5 Research gap

Despite the advantage of outsourcing most of the councils which has adopted the move of outsourcing their revenue bases but still the income generated are not enough. The study aim to fill the knowledge gap between what is understood and what actually happen in our local government. What is not known to many why outsourcing are no giving the required results and still other revenue and social activities are in future plans of being outsourced to private sector? The study will quench this thirsty by assessing all possible factors leading to the impediments of outsourcing Kinondoni District Council being the case study

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describe the research method as well as the data collection methodology to be employed in this work. The chapter were organized under the following sub headings : Research design, study area , study units, target population, sample and sampling techniques, data collection method, validity and reliability of research instruments as well as data analysis procedures.

3.2 Research design

A research design is a blue print which directs the plan of action to complete the research work. The collection of data is an important part in the process of research work. The quality and credibility of the results derived from the application of research methodology depends upon the relevant, accurate and adequate data.

According to Kothari (2000), a research design is the arrangement of the conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. This study employed a case research design.

Saunders (2002) defines case study as a strategy for doing research, which involved an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence.

This is a descriptive research design attempting to find out the outsourcing factors affecting the smooth implementation of revenue collection of KMC by the entrusted agents. This research design has been selected because it provides an opportunity for obtaining a snapshot of the current situation/condition of the revenue collection trends reflecting the specific point in time.

The case study design was employed in this study because of the nature of the problem. The particular problem is regarding the outsourcing of revenue collection at Kinondoni Municipal Council.

3.3 Area of the study

The study covered KMC various sources of revenues at Municipal including Car Parking System Hotel levy, market fees, billboard fees and property tax. The study concentrated only on Kinondoni Municipal Council selected revenue centres. Kinondoni district is bordered by the Indian Ocean to the North East, Ilala district to the south Bagamoyo North, Kibaha district to the West and Kisarawe district to the South West. The Municipality is well linked by roads and other communication networks to the rest of the city and other parts of the country. Major road links are;- Morogoro road, Bagamoyo road. Kawawa road, Mandela road and Sam Nujoma road. Source; Kinondoni Municipal Council profile (2010)

3.4 Research Population

A population is a group of individuals, objects or items from which samples are taken for measurement. It refers to an entire group of persons or elements that have at least one thing in common (Kombo & Tromp, 2006).

The study population target the agent's employees, the KMC staff and the ordinary city populations.

3.5 Sample and Sampling procedure

A sample is a unit derived from a population or is a representative of the population. Therefore a sample consisted of 125 respondents with the following distribution. KMC Staff (50), citizen (50) and Agent's employees (25)

Because of the financial resources and time constraints the researcher has a feeling that it was not possible to cover the whole population. Instead sampling techniques was used to determine and get the representative number of the people whom was managed to work with.

Due to the nature of the study the researcher used purposive sampling techniques. Purposive sampling technique was used because it was considered to be the most reliable technique which was used to obtain respondents who were considered to be the key people by virtue of their position or any other characteristic which deemed fit by the researcher.

Table 3.1: Sample size

Type of Respondents	Number of Respondents	Percentage	Sampling / procedure Technique
KMC Staff	50	40%	Purposive
Citizen	50	40%	Purposive
Agents workers	25	20%	Purposive

Source: Researcher, 2013

3.6 Data Collection Techniques

The collection of data is an important part in the process of research work. The quality and credibility of the results derived from the application of research methodology depends upon the relevance, accuracy and adequacy of data. In this study, there were various sources of data and methods of collecting primary and secondary data.

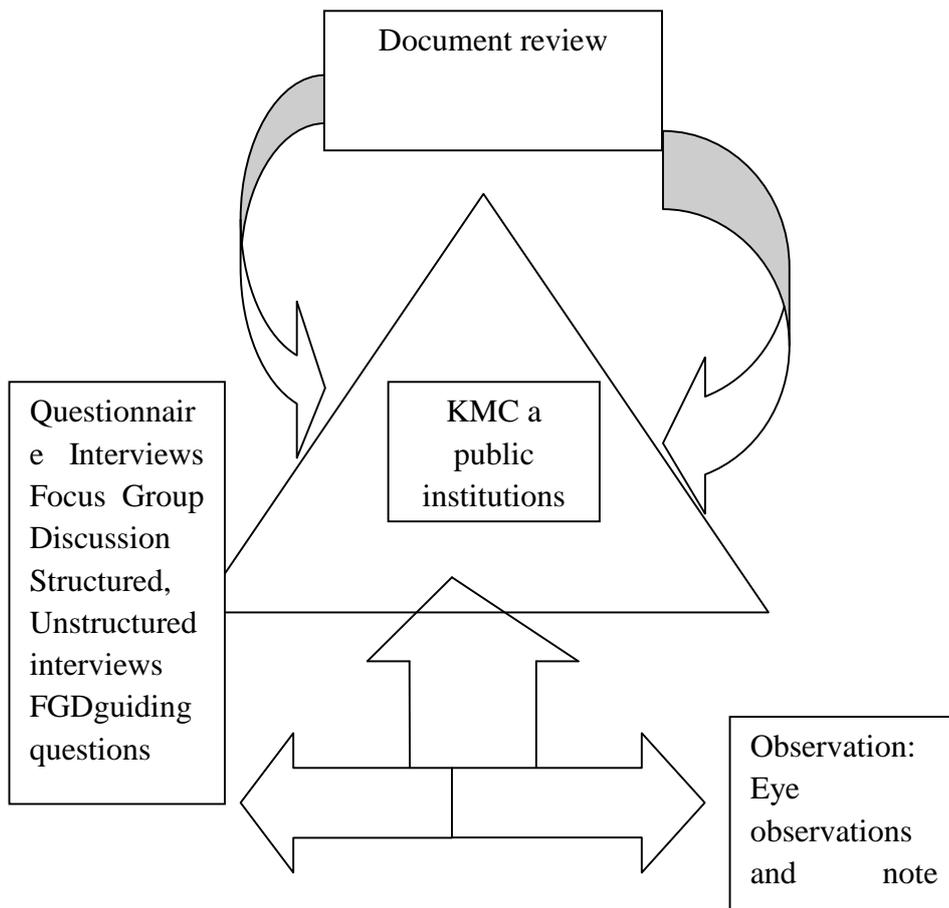
Primary data is the data collected specifically for the research project being undertaken, on the other hand secondary data are data used for a research project that were originally collected for some other purposes (Saunders et al 2003). The following factors were taken into consideration:-

- Age and gender of the respondents
- The reliability of resources in terms of financial and time when collecting data

- Availability of resources in terms of financial and time during data collection.
In this study the researcher used both secondary and primary data sources.

3.6.1 Primary Data

Collecting primary data involved questionnaire, in-depth interview and Focused group discussion, observation and documentary review. The instruments are summarized in Figure 3.1



The Primary data are original data which are collected for the first time for a specific purpose. Such data are published by authorities who themselves are responsible for their collection.

These are data which were collected for the first time by the researcher for own purpose. There are several methods of collecting primary data, such as interview through reporters, observation, and questionnaires.

3.6.1.1 Interviews

Interview is one of the most powerful tools and most widely used method for primary data collection in business research; interviews are inter-personal conversations which are planned and the outcomes are expected.

Personal interviewing is a two way purposeful conversation initiated by an interviewer to obtain information that is relevant to some research purpose.

The researcher conducted interview for the purpose of collecting other qualitative information that the questionnaire failed to provide. Both factual and non-factual information was employed by the researcher to assess the effect of outsourcing strategy. To maintain consistency on type of questions to be asked, an interview guided questions were prepared to govern the researcher.

3.6.1.2 Observations

Under observation method, the information is sought by way of investigators own direct observation without asking from respondents (Kothari,2004).The main advantage of this method is that subjective bias is eliminated if observation is done accurately. Secondly, according to Yin,(1984) the information obtained under this method relates to what is currently happening, it is not complicated by either the past behaviour or future intentions. The method is independent of respondents' willingness to respond and as such less demanding of active cooperation of respondent as is the case of interview and questionnaire method. In the present study,

the researcher used this technique to trace the practice of outsourcing revenue collection by KMC in order to make sense out of it. Through sketching of important events and note taking, the researcher was able to obtain an overview regarding the involvement of actors, their responsibilities, practices, and their impact on the outsourcing of revenue collection by KMC

3.6.1.3 Questionnaires/ Administration

Questionnaires were used to collect information regarding effectiveness of outsourcing strategy in improving performances and service delivery in public sector in order to assess whether the decision to outsource has brought any positive effect to the performance and to the service delivery.

Questionnaire method was adopted because they are better instruments of obtaining participants feelings. Questionnaires were given to respondents working in KMC and staffs, and citizens who were trading and pay various levies and taxes. The questionnaire were prepared in such a way that they were able to provide the personal information about the respondent, roles and responsibilities of the respondents and also opinion of the respondents towards the outsourcing strategy in improving performance and service delivery in public sector.

3.6.1.4 Focused Group and discussion (FGD)

A focus Group Discussion takes place when member talk freely and spontaneously about a certain topic (Kombo & Tromp,2006). A number of 15 KMC employees from each department formed a single group. Lists of topics to be covered were written.

A researcher acted as a facilitator, then a full report of discussion was prepared by listing key element, ideas, and views expressed for each topic discussed, after which a full report using participants' own words was prepared. Statements were coded and categorized. The useful quotations that emerged from the discussion were selected

3.6.1.5 Documentary review

Written sources are a means of widening the understanding of the context, scale and entry into the contemporary experiences or the group under study. Yin, (1994:23) show that this source of data inquiry allows for familiarization and elaboration of exploratory hypothesis and personal interrogation. In the present study the written sources were reviewed throughout while enable the investigator to understand the subject matter and make reflection on the contribution of study to the new knowledge. This source was treated as part of secondary data collection method. In this respect, different report and other documents from KMC were reviewed.

3.6.2 Secondary Data

The Secondary data on the other hand, are those which have already been collected by some other agency and which have already been processed. Secondary data may be available in the form of published or unpublished sources.

Secondary data as defined by Saunders (et al 2003) is data collected for some other purposes, data collected on secondary sources have an advantage of being less expensive to use than to collect the data yourself. They are also quickly available and are likely to be higher-quality data than could be obtained by collecting yourself

Secondary data allowed the researcher to compare the primary data collected with those held before. They helped placing the researcher's own findings within a more general context or triangulate findings.

In the process of collecting data on effectiveness of outsourcing strategy in improving performances and service delivery in public sector, the researcher used various minutes of meetings, various contracts for outsourced activities, journals, books and articles that contained various research papers findings on the subject. This information was used to compare the results that the researcher obtained from primary source (questionnaires) with that from research papers findings in order to check whether their hypothesis holds.

3.7 Validity and Reliability of Research Instruments

Prior the actual study, the researcher made an informal visit to the study area for familiarization exercise and at identifying respondents. The researcher tried-out research instrument, an exercise which enabled researcher to make corrections to the instruments while doing actual research.

3.8 Data Analysis Plan

Data analysis is an important step towards findings solution of a problem under study. Guba and Lincholin (1994) describe data analysis as being a systematic process involving working with data, organizing them and dividing them into small manageable parts. With regards to this study, the open-coding procedure was used to transcribe data.

Data analysis began with individual response and responses from different respondents being sorted and grouped in order to tally with research objectives. Comparison of data was done to identify those which were related.

Comparison of data reduced the data into small manageable parts and analytical packages which were used for analysis and drawing the conclusion as well as putting forward the recommendations for immediate action and further research. The process mostly was used to analyse quantitative data. Quantitative data were analysed through the use of Statistical Package of Social Science SPSS into which data will tabulated and computed into percentages.

3.9 Ethical Consideration

During the research, the researcher exercised confidentiality; anonymity and privacy so as to safeguard the interviewees and other respondents all together. The researcher avoided deception in the process of conducting the research and was honest about the aims and goals and procedures of the study.

The respondents were assured that the information they provide was carefully analysed and the report produced mainly as a dissertation for submission to Mzumbe

University for requirement in partial fulfilment for the award of Masters of Science in Accounting and Finance.

CHAPTER FOUR

PRESENTATION AND DISCUSSION OF FINDINGS

4.1 Introduction

This chapter is about findings analysis and discussion on data collection using various instruments already discussed in the methodology part of this study. The analysis and discussion followed the sequence of research questions which aimed at meeting the objective of the study .That is outsourcing of revenue collection by local government authority in Kinondoni Municipal Council.

The chapter presents an analysis of data that the researcher gathered in the pursuance to both specific and general objective of the research. Careful attention was given to the interest of the researcher which is study of outsourcing of revenue collection by local government authority in Kinondoni municipal Council.

4.2 The profile of the respondent

The population of this study involve the staff of Kinondoni Municipal Council, citizen and agent's employee. Which also based on; gender, Age of the different employees citizen and agents staff, their education working experience, and department which they are working

4.2.1 Respondent's gender

The findings of this study reveals that out of 125 respondents (KMC staffs, citizen and agent s staff) responded the questionnaire, 50 (40%) were Male and 75 (60%) were Female.

Table 4.1 Respondent's gender

Gender	Number of respondents	Percentage
Male	50	40%
Female	75	60%
Total	125	100%

Source; Field data (2013)

4.2.3 Respondent's marital status

From the findings of this study reveals that out of 125 respondents (KMC staffs, citizens and agents staffs) respondent,36% were single and 64% were married

Table 4.2 Respondent's marital status

Gender	Number of respondents	Percentage
Single	45	36%
Married	80	64%
Total	125	100%

Source; Field data (2013)

4.2.4 Age structure

From the study, 59.2 % of the respondents their age was between 40-49, whereas 26.4% of the respondents was between 20-29. Also 10.4% reported to have an age of 30-39 and 4% of the respondents have an age of between 50-59.

Table 4.3 Age structure

Age	Number of respondents	Percentage
20-29	33	26.4%
30-39	13	10.4%
40-49	74	59.2%
50-59	5	4%
Total	125	100

Source; Field data (2013)

4.2.5 Respondent's position

The findings of this study reveals that out of 125 respondents the questionnaire,45 which was 36% were from Accounts and Finance Department,40 which was 32% were from Planning and coordination Department 25 which was 20% were from the External group councillor, Auditors and others. And 15 which were 12% were from Administration and human resources management.

Table 4.4 Respondent's position

Category	Number of respondents	Percentage
Account and Finance	45	36%
Planning and coordination section	40	32%
External group,Councilor,Aditors and others	25	20%
Administration and human resources management	15	12%
Total	125	100

Source; Field Data,(2013)

4.2.6 Respondent's academic profession and qualification

The finding of this study reveals that out of 125 respondents (KMC) staff ,citizen and agents staff) who respondent the questionnaire 55 (44%) were having Degree/Professional qualification while 25 (20%) were just having a Master/PhD and

30 (24%) where having certificates/Diploma, and 15 (12%) where having O/A Level.

Table 4.5: Respondent’s academic, profession and qualification

Education	Number of respondents	Percentage
O/A level	15	12%
Certificate/ Diploma	30	24%
Degree/Profession	55	44%
Masters/PhD	25	20%
Total	125	100

Source: Field Data,(2013)

4.2.7 Respondent’s working experience

The finding of this study reveals that out of 125 (KMC staffs, citizen and agent staffs) who responded the questionnaire 10 which was 8% where having the working experience of 1-5 years. While 45 which was 36% were having working experience of 6-10 years. While 40 which was 32% were having the working experience of 11-15 years and another 30 which was 24% were having the working experience of 15 years and above.

Table 4.6: Respondent’s working experience

Working experience	Number of respondents	Percentage
1-5 years	10	8%
6-10 years	45	36%
11-15 years	40	32%
15 years and above	30	24%
Total	125	100%

Source: Field Data (2013)

4.3 Outsourcing of revenue collection establish a platform for more effective and efficient local government revenue collection and administration

In order to tackle the above objective, the respondents (KMC staff) were asked the question written as do you think outsourcing establish a platform for more effective

and efficient local government revenue collection and administration. This was closed ended question which needs a yes or no answer.

Table 4.7 Summary of responses in this question is shown hereunder

Option	Total	Yes	No
Number of respondent	50	15	35
Percentage	100	30%	70%

Source: Field Data (2013)

Table 4.10 revealed that, 30% of KMC staff thinks outsourcing establishes a platform for more effective and efficient local government revenue collection and administration and the remaining figure which was 70% of KMC staff think outsourcing do not establish a platform for more effective and efficient local government revenue collection

In addition to this question the researcher asked the KMC staff if there answer in question number 15 was no respondents to give the reason for their response. This was an open ended question and the following were the reasons for their response.

- (i) Decrease revenue
- (i) Corruption
- (i) High profit margins for the private agents

In that regards the above finding the researcher observed that the outsourcing of the collection by KMC has not increase revenue. The lack of methodology is believed to cause some outsourcing failures (Bounfour, 1999; Lonsdale, 1999). This thinking is supported by Lonsdale who suggests that outsourcing failures are not due to an inherent problem with outsourcing but rather the lack of guiding methodology for managers (Lonsdale, 1999).

Another difficulty encountered with outsourcing, particularly in the US (GAO, 1997), is the lack of skills within public organizations to manage and monitor

outsourced functions. While not discussed in detail, (Earl, 1996) identifies 11 risks with outsourcing IT; many of them have applicability to the outsourcing of other functions as well. While it is recognized that all the potential

4.4 Reason for outsourcing source of revenue collection to some of revenue sources

The responded were asked the question written what do you think were the reasons to outsource revenue collection to some of revenue sources? This was an open ended question and the following were their responses.

- (i) To increase revenue
- (ii) Council's Policy
- (iii) Cost savings
- (iv) Shortage of workers

The rapid growth of outsourcing suggests that both public and private organizations expect benefits from outsourcing. Naturally different organizations in different circumstances will expect different benefits. For example, all organizations may expect costs savings even though in government outsourcing, the typical cost savings are only about half of what the private sector achieves (Kakabadse and Kakabadse, 2000a).

Lack of internal human resources is another factor identified within the strategy category. Public organizations may be particularly impacted by lack of resources. They are historically more restricted in their hiring and termination practices than private-sector organizations.

There are often strict guidelines on the number of civil servants that can be employed. When public organizations are restricted from hiring employees to replace those retiring or exiting, there is more workload for those remaining. Further, employees that left took their knowledge and skills with them, leaving a void in the organization. The organization must make strategic decisions about how to re-locate the workforce that remains. There may be cases when the best alternative for the

public organization is to acquire the needed skills from outside sources. In both public and private firms access to the people with specialized skills may be an issue. In general, a function is more likely to be outsourced if there is a lack of internal human resources to perform it (Green, 2000)

4.5 To ascertain the revenue collected before and after privatization

In order to tackle the above objective the respondents were asked the question written what level of income was being collected before the Council outsourced its source of revenue; was it high or low? This question reflected in question number 12, this was a closed ended question

Table 4.8: The summary of responses in this question is shown hereunder

Option	Total	High	Low
Number of respondent	50	40	10
Percentage	100	80%	20%

Source: Field data (2013)

Table 4.7 reveals that 80% of KMC staffs say the level of revenue collected before outsource was high, and 20% say was low.

Also the responded were asked the question what level of income was being collected after the Council outsourced its source of revenue, was it high or low? This question reflected in question number 13 and it was a closed ended question

Table 4.9: Summary of responses in this question is shown hereunder

Option	Total	High	Low
Number of respondent	50	14	36
Percentage	100	28	72

Source: Field Data (2013)

Table 4.8 above reveals that 72% of KMC staffs say the level of revenue collected after the Council outsource its source of revenue was low, and 28% say was high

4.6 Challenge facing private revenue collector

This question was an open ended question which requires the agent’s employee to mention challenge they are facing into their work. This question reflected in question number 6 in questionnaire number 3, it was a questionnaire for agent’s employee and the following were their responses

- (i) Little recognition by tax payers especial if they were from private agents
- (ii) They were being seen as thieve and associated with fraudulent activities.

4.7 Perception of the people and Kinondoni Municipal Council on the privatisation of Government source of revenue to private agents

The respondent (KMC Staffs) were asked the question written do you think outsourcing source of revenue by the Council to private agents was good decision .This was closed ended question which needs a yes or no answer.

Table 4.10 Summary of responses in this question is shown hereunder

Option	Total	Yes	No
Number of respondent	50	12	38
Percentage	100	24%	76%

Source: Field Data (2013)

Table 4.9 revealed that, 76% of KMC staff think the outsourcing source of revenue by Council is not a good decision, and the remaining which is 24% of KMC staff say yes it was a good decision.

In that regards the above finding reveals that 78% of KMC staffs say it was not a good decision for the council to outsource source of revenue with the view that there was no benefit being obtained from outsourcing and the Council will not have control over them they have to depend on the term and condition of the contract.

Brown, M. (Oct. 28, 2010) stated that there is Management problems, if you outsource the job you have to depend on the terms and conditions too. As such you may not have total control over the team.

4.8 Level of income the Council collected

The respondents were asked the question written are you satisfied with the level of income the Council collected. This question is reflected in question no 8 in questionnaire number 1 .This was a closed end question which needs a yes or no answer.

Table 4.11: The summary of responses in this question is shown hereunder

Option	Total	Yes	No
Number of respondent	50	35	15
Percentage	100	70%	30%

Source: Field Data (2013)

Table 4.5 revealed that, 70% of KMC staff are not satisfied with the level of income the council collected and 30% satisfied with the level of income the Council collected.

In question 8 the researcher asked the KMC staff if their answer in question 8 was no what are the reasons. This was an open ended question and the following were their responses

- (i) Administrative problem
- (ii) Policy issue
- (iii) Political issue

4.9 Source of revenue which generate more income to the Council

The responded were asked the question written which source do you think it generate more income to the Council? This question is reflected in question number 10. This was an open ended question and the following were their responses

- (i) Property tax
- (ii) City service levy
- (iii) Hotel levy
- (iv) Billboard
- (v) Other income (Bus stand, market fees, trade license fees)

4.10 What Council need to do in order to increase its revenue collection?

The responded were asked the question written what Council need to do in order to increase its revenue collection? This question reflected in question number 11, this was an open ended question and the following were their responses

- (i) Strong supervision and motivation to tax collectors
- (ii) Update data base of tax payer
- (iii) Educate tax payer about important of paying tax

4.11 Outsourcing is better decision for the Council to increase its revenue

Respondents (citizen) were asked the question written do you think outsourcing revenue is better decision for the Council to increase its revenue this was question number 10 in questionnaires number 2 and it was closed ended question

Table 4.12 Summary of responses in this question is shown hereunder

Option	Total	Yes	No	I don't know
Number of respondent	50	30	8	12
Percentage	100	60%	16%	24

Source: Field Data (2013)

Table 4.11 revealed that,16% of citizen say yes outsourcing was a better decision for the council to increase its revenue and 60% of citizen say no, it was not a better decision for the Council to increase revenue and the remaining figure which is 24% say I don't know.

In question 11 of questionnaire number 2 the researcher asked the Citizen if their answer in question number 10 was yes to give the reason this was open ended question and there were 16% out of 100 citizens who say yes and the following were their responses

- (i) Reduce administration cost to the Council
- (ii) Increase revenue

4.12 Do you feel comfortable to pay Government tax/levies to private workers?

Respondents (citizen) were asked the question written do you feel comfortable to pay tax/levies to private workers? This was question number 7 in questionnaires number 2 and it was closed ended question which need yes or no

Table 4.13 Summary of responses

Option	Total	Yes	No
Number of respondent	50	10	40
Percentage	100	20%	80%

Source: Field Data (2013)

Table 4.12 revealed that, 80% of citizen says no, they are not comfortable to pay government tax to private agent and 20% say yes they are comfortable to pay government tax to private agents.

CHAPTER FIVE

SUMMARY, CONCLUSIONS, AND POLICY IMPLICATIONS

5.1 Introduction

This chapter present a summary of research questions, summary of research findings and contribution to the knowledge, recommendations, and areas for further studies, lesson learnt and finally, conclusion

5.2 Summary of the research process

The study was about outsourcing revenue collection by local government authority in Tanzania. The research have revealed that there was a mixed opinion concerning outsourcing of revenue collection by the council, the management of the council favours their decisions while the community at large did not appreciate the efforts made by the management of the council.

The process of collection did bring significant change though there was minor improvement by making close follow up and managed to reach most of the taxpayer and reduced operation cost to the council

In terms of the amount collected the study found that there no increase in revenue after outsourcing. The involvement of agent in collecting revenue has reduced the cost to the council at large and increased manpower to other section without employing new employees

Chapter one of these studies contained the background of the problem that explains the source of the problem as noted by various scholars. It also comprises of the statement of the problem and how it has been obtained, it contains objectives of the study, the research question, significant of study. The chapter also discusses about the limitation of this study, scope, and the delimitation.

Chapter two of this study discussed the review of the related literature, which was almost founded by conceptual and theoretical framework. The literature review

discussed about outsourcing source of revenue collection by local government authority and its importance to the council

Chapter three of this study contains the research methodology. Started to point out the study design, the study area which was Kinondoni Municipal Council, the target population, sampling procedure and data collection techniques which involved questionnaires, interviews, observation, documentary and focus group discussion with KMC employees.

Chapter four of this study contains the data presentation, analysis and discussion of the findings this chapter sought to know outsourcing source of revenue collection by local government in Kinondoni Municipal Council. The finding was based four objectives which answer various research question.

On answering research question which were formulated from the research objectives; both primary and secondary data were used. All questions were answered by data collected from distributed questionnaire, as well as secondary data obtained from documentary review of KMC reports and publications and review with some selected KMC Senior Officers

5.3 Discussion of the finding of research objective

5.3.1 Demographic Characteristics of respondents

The study observed that the demographic characteristics of respondents are based on age, gender , education and qualification.

From the study most respondents (Kinondoni Municipal Council employee, citizen and agent's employee) were aged between 20-29 years which comprise 26.4%, followed by aged between 30-39 years which comprise 10.4% followed by age between 40-49 which comprises 59.2% and followed by aged between 50-59 which comprise only 4%,this show that young staff are more employed at Kinondoni Municipal Council than aged one

Also the result show that 60 percent comprise female employees while 40 percent comprise male employees, this show that females are more employed than male at

Kinondoni Municipal Council due to the fact that females are trusted and they dedicate much of their time at work as compared to males. Therefore there was gender imbalance in Kinondoni Municipal Council as the number of women is approximate to be large than the number of men.

The case of marital status the study founded that the single group represents 36 percent of whole population while the married group represent 64 percent of the whole population. Hence the study shows that the majorities of respondents were married and matured enough, hence they know well the process of outsourcing. But also this indicates that even though the married employees have good knowledge of outsourcing they have ample time for office activities due to family matters contrary to the unmarried employees who may have more time in doing office works.

In education level most of employees educated since the results of study show that 44 percent had university degree level of education followed by 24 percent that had certificate/Diploma .This implies that Kinondoni Municipal Council had been relying on well educated and qualified staff with the main purpose of improving competence in the work.

5.3 Outsourcing of revenue collection establish a platform for more effective and efficient local government revenue collection and administration

Finding shown that outsourcing of revenue collection did not establish a platform for more effective and efficient local government revenue collection.

Brown D.(2005),when explaining on the reason for outsourcing the author pointed out that the principal can generate immediate cost savings, The finding shown that outsourcing offers no ‘quick fix’ to increase local government revenue, or to reduce the administration costs to the Kinondoni Municipal Council.

5.3.3 Reasons which lead to outsourcing of revenue collection

The finding shown that Kinondoni Municipal Council decide to outsource its revenue collection to private agents in order to increase revenue collection The study finds that most of the Council before outsourcing its revenue collection, they unable to

collect fully the revenues as projected. In Kinondoni Municipal Council there are huge gaps between reported and projected revenues.

Recent studies conclude that this is due to: poor administration capacity to assess the revenue base, poor administrative capacity to enforce the fees and tax, corruption, including embezzlement of revenues and external pressure on the local finance department to provide optimistic projections. In these setting, fundamental issues to be addressed in the context of local government fiscal reforms are to redesign the current revenue collection structure and to strengthen financial management.’ New Challenge for local government revenue enhancement (REPOA)

5.3.4 Council’s revenue increase or decrease after adopting outsourcing of revenue collection

The study found that the outsourcing of the collection by KMC has not increased revenue and made the revenue flow from this source more predictable. Due to poor pricing of the amount to be paid by the agents at the beginning, as well as exceptionally high profit margins for the private agents at the expense of accomplishing reasonable returns for the councils.

A major challenge facing KMC when outsourcing revenue collection is the assessment of the actual revenue potential for various source bases. Currently the assessment was conducted on an ad hoc basis, often based on previous year’s reported collections. In many cases the assessment reflected in the contracts were outdated and not reflect changes over time in the revenue base as well as inflation and the valuation of currency.

Moreover, the contracts often refer to nominal amounts in Tanzanian shillings which are not adjusted upwards (or downward if required) in accordance with general economic activity level of inflation. Underestimation of revenue potential implies that the actual collection by the agent may be considerably higher than what is reflected in the contract.

According to Fjeldstad & Semboja (2000), one major administrative problem for many councils is their inability to realise full the revenue due to them. Thus the

ration between reported and projected revenue differs significantly both between councils and between areas within the council.

Although organizations may outsource for cost related reasons, there are no guarantees that expected savings will be realized. There is increasing evidence that cost savings have been overestimated and costs are sometimes higher after outsourcing (Bryce and Useem, 1998; Cole-Gomolski, 1998; Pepper, 1996); Vining and Globerman, 1999; Welch and Nayak, 1992). As an example, again in the survey by Domberger and Fernandez mentioned above, the outsourcing of IT resulted in an average 9 percent increase in costs (Domberger and Fernandez, 1999).

5.3.5 Fourth objective is examine the challenges facing revenue collectors

The result of the finding show that private revenue collector faces challenges of little recognition by tax payers, they are being seen as thief and associated with fraudulent activities.

5.3.6 Kinondoni Municipal Council and the people perceive the operations of outsource revenue collection by the agent

The finding of this study show that the staff of Kinondoni Municipal Council and the people disagree with the decision of the government to outsource its revenue collection with the views that there was no benefit being obtained from outsourcing, also the KMC loose control on its own activities because they have to depend on term and contract.

BPO Company (2006) stated that it was difficult to control the activities of private Agents because they have the power to conduct their activities in order to fulfil the contract.

5.4 Conclusion

To meet its objectives, a system of outsourced revenue collection needs to meet procedural criteria that ensure private collectors accomplish a reasonable return to

the LGAs. Hence, there is an urgent need to put in place a system to generate a more realistic assessment of the revenue potential before outsourcing.

Sensitisation or capacity building, a high priority among donors and others, is unlikely to resolve this problem. A more effective solution could be to move the responsibility for revenue assessment out of council administrations by establishing an independent body responsible for such assessments. Moreover, a properly assessed revenue potential will provide an important check to counter potential corruption in the tender process.

5.5 Recommendations

To policy makers

There is a need to enhance outsourcing policy to all LGAs in Tanzania with the aim of enhancing performance on:

- The strength and quality of the management of LGA
- Government political commitment to support the reform
- Transparency reflected in the operation of the agents on the data of revenue collection, potential and actual collection.

To KMC Management

- (i) To reduce the conflict of interest between the agents involved in revenue collection and public servant workers the contract should streamline the importance each part playing the required part.
- (ii) Use partnership of Government and Private
- (iii) Workers, this will assist government to collect more revenue and at the same time protecting the interests of the private companies and public assets
- (iv) Provide education to tax payers before involving private worker in collecting revenue. The education will inform both tax payer and revenue collectors their responsibility and hence harmonization of the whole process

Recommendation for further Research

(i)The study covered only one Government Institution in Dar-es-salaam region. Another study involving other Government Institutions should be studies and thus a wider sample should be conducted. This will enable decision makers under difference Government Institutions to know the best way of outsourcing in order to meet the purpose of outsourcing which is to increase revenue

(ii) The study should be in comparing two or up to three Municipals in order to get the best result.

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Data collection questionnaire

Questionnaire No. 1(To be filled by Management KMC staff)

Dear colleague

Kindly assist me collect information for a research study on “**OUTSOURCING REVENUE COLLECTION BY LOCAL GOVERNMENT AUTHORITY IN KINONDONI MUNICIPAL TANZANIA**”. This study is part of my research academic work and the findings of the study will strictly be utilized for the intended purposes only. For your confidentiality your name will not be mentioned in any part of the report.

1. Sex - (Tick one): Male - [] Female - []

2 Marital status (Tick one)-Married ()- single ()

3. Age group- (Tick one):

20-29 (0) [] 30-39 (1) [] 40-49 (2) [] 50-59 []

4 In what Section are you working with?

Accounts and Finance	<input type="checkbox"/>
Policy and planning department	<input type="checkbox"/>
External group, Councillors, Auditors and others	<input type="checkbox"/>
Administration and human resources Management	<input type="checkbox"/>

5. What is your highest level of education Academic qualification?

O/A level	<input type="checkbox"/>
Certificate/Diploma	<input type="checkbox"/>
Degree/Professional	<input type="checkbox"/>
Master/PhD	<input type="checkbox"/>

6 .Years of Service - 1-5 () 6-10 () 11-15 () above 15 ()

7. How long have you been working with Kinondoni Municipal Council?

.....
8. Which Section are you current working in?
.....

9 Are you satisfied with the level of Income the Council is collecting?

- YES
- NO

10. If not, what are the reasons

- (i) -----
- (ii) -----
- (iii)-----

11. Which source (s) do you think it generates more Income to the Council?

- (i) -----
- (ii) -----
- (iii) -----

12. What Council needs to do in order to increase its revenue collection?

- (i)
- (ii)

13. What level of Income was being collected before the Council outsourced its source of revenue

- High
- Low

14 What level of Income was being collected after the Council outsourced its source of revenue

- High
- Low

15. Do you think outsourcing source of revenue by the Council to private agents was good decision?

- Yes
- No

16 Do you think outsourcing establish a platform for more effective and efficient local government revenue and administration?

- Yes
- No

17 If not what are the reason

- (i)
- (ii)
- (iii)

18 What is your perception on the privatisation of Government sources of revenue?

.....

Thank you for your cooperation

Questionnaire No.2 (To be filled by Citizen)

Please Sir/Madam

Kindly assist me collect information for a research study on “ **OUTSOURCING REVENUE COLLECTION BY LOCAL GOVERNMENT AUTHORITY IN KINONDON MUNICIPAL COUNCIL,TANZANIA**”. This study is part of my research academic work and the findings of the study will strictly be utilized for the intended purposes only. For your confidentiality your name will not be mentioned in any part of the report.

1. Sex - (Tick one): Male - [] Female []

2. Marital status (Tick one) ; Marriage- () Single ()

3. Age group- (Tick one): 20-29 [] 30-39 [] 40-49 [] 50-59 []

4. In what section are you working with?

Accounts and Finance	<input type="checkbox"/>
Policy and Planning department	<input type="checkbox"/>
External group, Councillors, Auditors and other	<input type="checkbox"/>
Administration and human resources	<input type="checkbox"/>
Management	<input type="checkbox"/>

5. What is your highest level of education Academic qualification?

O/A level	<input type="checkbox"/>
Certificate/Diploma	<input type="checkbox"/>
Degree/Professional	<input type="checkbox"/>
Master/PhD	<input type="checkbox"/>

6. Do you pay Government tax/levies to the Local Government Authority?

- YES
- NO

7. Who are tax/Levies collectors?

- Council Worker
- Private Workers

8. Do you feel comfortable to pay Government tax/levies to private workers?

- YES
- NO

9. Is there any increase of tax/levies when paying to private worker?

- YES
- NO

10. What do you suggest to the Kinondoni Municipal Council in order to increase collection?

- (i)
- (ii)
- (iii).....

Thank you for your cooperation

Appendix II

Interview checklist (To be filled by agents staff)

Please Sir/Madam

Kindly assist me collect information for a research study on **“THE OUTSOURCING REVENUE COLLECTION BY LOCAL GOVERNMENT IN KINONDONI MUNICIPAL COUNCIL, TANZANIA”**. This study is part of my research academic work and the findings of the study will strictly be utilized for the intended purposes only. For your confidentiality your name will not be mentioned in any part of the report.

1. Sex - (Tick one): Male - [] Female []

2. Marital status (Tick one): Married-() single ()

3. Age group- (Tick one): 20-29 [] 30-39 [] 40-49 [] 50-59 []

4. In what Section are you working with?

Accounts and Finance	<input type="checkbox"/>
Policy and planning department	<input type="checkbox"/>
External group, Councillors, Auditors and others	<input type="checkbox"/>
Administration and human resources Management	<input type="checkbox"/>

5. What is your highest level of school education?

O/A level	<input type="checkbox"/>
Certificate/Diploma	<input type="checkbox"/>
Degree/Professional	<input type="checkbox"/>
Master/PhD	<input type="checkbox"/>

6. How long have you been working with your employer

7. What are the challenges you are facing into your work?

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.....

8. Are you satisfied with the work and salary being paid?

- YES
- NO

9. Are your receipts controlled and checked regularly?

- YES
- NO

10. What do you suggest to the Kinondoni Municipal Council in order to increase collection?

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Thank you for your cooperation