

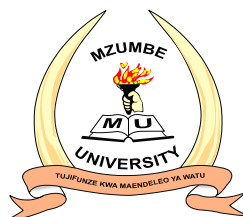
**ASSESSMENT OF REVENUE COLLECTION EFFICIENCY IN
LOCAL GOVERNMENT AUTHORITIES:
THE CASE OF TANGA LOCAL GOVERNMENT AUTHORITIES**

By

Kiaze, Ally

**A Dissertation Submitted in Partial fulfilment of the Requirements for the
award for the Degree of Master of Business Administration
(Corporate Management) of Mzumbe University**

November, 2014



**MZUMBE UNIVERSITY
(CHUO KIKUU MZUMBE)
SCHOOL OF BUSINESS**

Tel: +255 (0) 23 2604380/1/3/4
Fax: +255 (0) 23 2604382
Cell: + 255 0748 694029
E-mail: fcommerce@mzumbe.ac.tz
Website: www.mzumbe.ac.tz

P.O.BOX 6
MZUMBE
MOROGORO, TANZANIA

APPROVAL SHEET FOR MASTER'S DEGREE DISSERTATION

To School Board

I am submitting herewith a dissertation written by **Kiaze, Ally** Titled: **“Assessment of Revenue Collection Efficiency in Local Government Authorities. The Case of Tanga Local Government Authorities.”** I recommend that it should be Accepted in Partial fulfilment of the requirements for the Degree of Masters of Business Administration (**Corporate Management**).

Dr. Erasmus Kipesha/**Major Supervisor**

We have examined this dissertation and recommend it for acceptance.

Internal Examiner

External Examiner

Accepted for the School Board

CHAIRMAN, SCHOOL OF BUSINESS BOARD

CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a dissertation entitled **Assessment of Revenue Collection Efficiency in Local Government Authorities: The Case of Tanga Local Government Authorities**, in partial fulfilment of the requirements for award of the Degree of Masters of Business Administration of Mzumbe University.

Major Supervisor

Internal Examiner

Accepted for the Board of

.....

DEAN/DIRECTOR,
FACULTY/DIRECTORATE/SCHOOL/BOARD

DECLARATION AND COPYRIGHT

I, Kiaze, Ally declare that this dissertation is my own original work and that it has not been presented and will not be presented to any other university for a similar or any other degree award.

Signature _____

Date _____

©

This dissertation is a copyright material protected under the Berne Convention, the Copyright Act 1999 and other international and national enactments, in that behalf, on intellectual property. It may not be reproduced by any means in full or in part, except for short extracts in fair dealings, for research or private study, critical scholarly review or discourse with an acknowledgement, without the written permission of Mzumbe University, on behalf of the author.

ACKNOWLEDGEMENT

This work is a result of valuable contribution from different individuals whom I wish to acknowledge. I would like to express my sincere thanks to my supervisor, Dr. Erasmus Fabian Kipsha of Mzumbe University, for his patience, tolerance, critical comments and encouragement throughout the development of this study. I am indebted to him for spending long hours of his time on reading, guiding and making valuable recommendations which made my work sail through successfully. Also, I acknowledge for cooperation given by Tanga Regional Secretariat (TRS) and their willingness to let my study be conducted in Tanga Region, special thanks to Regional Commissioner Lt (Rtd), Hon. Chiku Sumbu Gallawa; former Regional Administrative Secretary, Mr. Benedict Olekya; and the current Regional Administrative Secretary Mr. Salum Muhamed Chima.

Further, special thanks should be extended to Assistant Director responsible for Local Government Finances, PMORALG, Mr. Shomari Omari Mukhandi for his advice. Finally, I would like to extend my sincere thanks to the Management of all Tanga Local Government Authorities for their cooperation given during data collection.

DEDICATION

This dissertation is dedicated to my lovely parents, my father, Late Mr. Kiaze Ramadhani Mwenda, and Mother, Mrs. Kiaze Zera, for their support on my studies. This work is dedicated to my lovely friends Miss Thecla Augustino Malombe and Mr. Lusubilo A. Mwakyusa for their support in my study, my family including my Brothers, Ramadhani Kiaze, Mwejuma Kiaze, Masudi Kiaze and the lovely Sister Mwamini Kiaze. Also, this work is dedicated to my lovely children Rahim Ally Kiaze, Raniah Ally Kiaze and Samira Ally Kiaze.

LIST OF ABBREVIATIONS AND ACRONYMS

ANOVA	Analysis of Variance
BSMCL	Business and Social Management Consultants Ltd
CRS	Technical Efficiency Score
DACF	District Assemblies Common Fund
DEA	Data Envelopment Analysis
DMU	Decision Making Unit
ILO	International Labour Organization
KMA	Kumasi Metropolitan Assembly
LAC	Latin American and Caribbean Countries
LGAs	Local Government Authorities
MDC	Masasi District Council
MMDAs	Metropolitan, Municipal and District Assemblies
PSE	Public Sector Efficiency
PSP	They computed Public Sector Performance
RGoZ	The Revolution Government of Zanzibar
TCC	Tanga City Council
VRS	Pure Technical Efficiency Score

ABSTRACT

This study was aimed at assessing the efficiency of revenue collection in Local Government Authorities, a case study of Tanga Local Government Authorities. The research questions were aimed at assessing the Revenue collection efficiency in Tanga LGAs, determining factors for revenue collection efficiency in Tanga LGAs and assessing the impacts of each factor on Revenue collection efficiency in Tanga LGAs.

In this study, data was collected from 9 District Councils and 50 respondents of Tanga Region through documentary review and questionnaire methods. However, the collected data was analyzed by the use of DEA, Regression analysis, Descriptive statistics and Partial correlation.

The findings of this study show that mean technical efficiency results in Tanga LGAs from 2007/08 to 2012/13 were on average efficient. Also, the findings indicated that 2011/2012 the values of pure technical efficiency for Pangani District Council, Kilindi District Council, Korogwe Town Council and Korogwe District Council were higher than values of scale efficiency. However, this study discovered that 17 (34%) of the total respondents reported that trade openness/transparency is low in determining revenue collection in Tanga LGAs and 17(34%) of the total respondents reported that trade openness/transparency is moderate in determining revenue collection in Tanga LGA. Also 36(72%) of the total respondents reported that political interference in revenue collection is high in Tanga LGAs.

Moreover, it was recommended that for efficiency and effectiveness of revenue collection in LGAs trade openness/ transparency is very important. Also, Tanga LGAs have to increase administrative capacity to access revenue potential for effective revenue collection in the authorities concerned. Furthermore, the issue of employee commitment in Tanga LGAs has to be taken into consideration for it is important in establishing and sustaining a professional and effective revenue administration.

TABLE OF CONTENTS

CERTIFICATION	iii
DECLARATION AND COPYRIGHT	iv
ACKNOWLEDGEMENT	v
DEDICATION	vi
LIST OF ABBREVIATIONS AND ACRONYMS	vii
ABSTRACT	viii
TABLE OF CONTENTS	ix
LIST OF TABLES	xii
LIST OF FIGURES	xiii
CHAPTER ONE	1
INTRODUCTION	1
1.1 Background of the study.....	1
1.2 Statement of the Problem	2
1.3 Objectives of the Study	3
1.3.1 General Objective.....	3
1.3.2 Specific objectives	4
1.4 Research Questions	4
1.5 Significance of the study	4
1.6 Scope and Delimitation	5
1.7 Organization of the study	5
CHAPTER TWO	6
LITERATURE REVIEW.....	6
2.1 Introduction	6
2.2 Definitions of the Key Concepts	6
2.2.1 Revenue.....	6
2.2.2 Efficiency	6
2.2.3 Local government.....	7
2.3 Theoretical Framework	8

2.3.1	Neoclassical theory of efficiency	8
2.3.2	The Nonparametric Approach to Efficiency Measurement	9
2.3.3	The Austrian Theory of Efficiency	9
2.3.4	Theory of Collection Efficiency of the Value Added Tax.....	10
2.4	Empirical Review	11
2.5	Conceptual Framework of the Study.....	16
CHAPTER THREE.....		18
RESEARCH METHODOLOGY.....		18
3.1	Introduction	18
3.2	Research design.....	18
3.3	Study area.....	18
3.4	Study population.....	18
3.5	Sampling techniques.....	18
3.5.1	Sampling design.....	19
3.5.2	Sample size.....	19
3.6	Data collection.....	19
3.6.1	Questionnaire	19
3.6.2	Documentary Review.....	19
3.7	Data analysis techniques	20
3.8	Validity and Reliability	23
3.8.1	Validity.....	23
3.8.2	Reliability.....	23
CHAPTER FOUR.....		24
PRESENTATION OF FINDINGS		24
4.1	Introduction	24
4.2	Data cleaning, Validity and Reliability Test Results	24
4.2.1	Data cleaning.....	24
4.2.2	Validity Test Result	24
4.2.3	Reliability Test Result.....	24

4.3	Study Findings.....	29
4.3.1	Assessment of Revenue collection efficiency in Tanga LGAs.....	29
4.3.2	Factors affecting revenue collection efficiency in Tanga LGAs	36
4.3.3	The impacts of each factor on Revenue collection efficiency in Tanga LGAs.....	44
	CHAPTER FIVE.....	49
	DISCUSSION OF THE FINDINGS.....	49
	CHAPTER SIX	52
	SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS.....	52
6.1	Introduction	52
6.2	Summary	52
6.3	Conclusions	53
6.4	Recommendations	54
6.4.1	Recommendations for actions	54
6.4.2	Recommendations on areas for further studies	55
	REFERENCES.....	56
	APPENDICES	61

LIST OF TABLES

TABLE 4.1: CASE PROCESSING SUMMARY	24
TABLE 4.2: ITEM-TOTAL STATISTICS	25
TABLE 4.3: RELIABILITY STATISTICS	25
TABLE 4.4: GENDER OF THE RESPONDENTS.	26
TABLE 4.5: RESPONDENTS' LEVEL OF EDUCATION	26
TABLE 4.6: RESPONDENTS' WORKING STATIONS.	27
TABLE 4.7: RESPONDENTS' DESIGNATION	28
TABLE 4.8: RESPONDENTS LENGTH OF SERVICE IN LGAS.....	28
TABLE 4.9: EFFICIENCY MEANS RESULTS IN TANGA LGAS.....	29
TABLE 4.10: EFFICIENCY SCORES FOR THE YEAR 2007/2008.....	30
TABLE 4.11: EFFICIENCY SCORES FOR THE YEAR 2008/2009.....	31
TABLE 4.12: EFFICIENCY SCORES FOR THE YEAR 2009/2010.....	32
TABLE 4.13: EFFICIENCY SCORES FOR THE YEAR 2010/2011.....	33
TABLE 4.14: EFFICIENCY SCORES FOR THE YEAR 2011/2012.....	33
TABLE 4.15: EFFICIENCY SCORES FOR THE YEAR 2012/2013.....	34
TABLE 4.16: EFFICIENCY FUTURE EXPECTATIONS	35
TABLE 4. 17: TRADE OPENNESS/TRANSPARENCY IN TANGA LGAS	36
TABLE 4.18: POLITICAL INTERFERENCE IN TANGA LGAS	37
TABLE 4.19: CAPACITY TO ACCESS REVENUE POTENTIAL SOURCES.....	38
TABLE 4.20: CORRUPTION/EMBEZZLEMENT OF REVENUE.....	38
TABLE 4.21: EXTERNAL PRESSURE/ OPTIMISM.....	39
TABLE 4.22: UNWILLINGNESS TO PAY TAX BY TAX PAYERS	40
TABLE 4.23: COMMITMENT OF EMPLOYEE IN REVENUE COLLECTION.....	40
TABLE 4.24: EFFECTIVENESS OF THE LGAS FINANCIAL ACT.	41
TABLE 4.25: EFFECTIVENESS OF LOCAL GOVERNMENT BY LAWS	42
TABLE 4.26: FACTOR IMPORTANCE ANALYSIS.....	43
TABLE 4.27: DESCRIPTIVE STATISTICS	44
TABLE 4.28: PARTIAL CORRELATION.....	45
TABLE 4.29: REGRESSION RESULTS	46
TABLE 4.30: ANOVA.....	46
TABLE 4.31: COEFFICIENTS RESULT	47

LIST OF FIGURES

FIGURE 2.1: CONCEPTUAL FRAMEWORK FOR THE STUDY.....	16
---	----

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Effective local government is the backbone of community development. It is responsible for aspects of everyday life that people care about deeply such as good services delivery (Victorian Government, 2012). It is obvious that in order to deliver such services, any government needs adequate revenue generation (Ijeoma, 2010). However, it should be noted that a successful development of any country depends in large on the efficiency, integrity, and effectiveness with which the state raises, manages, and expends public resources (Hegarty and Maggi, 2009). These resources are responsible for financing different development activities in both economic and social in the process of fostering economic growth and social development. With decentralization policy, most of central governments in the world have transferred the power and authority for making socio-politico-economic decisions from central governments to Local Government Authorities (Kauzya, 2007). This enables the citizens to be served in a very close way while meeting their need for the country economic growth. Although LGAs in the world have been given very important goals, duties and tasks as the primary organs for the economic development and social development of the people, most of them have not been able to achieve the intended objectives especially in developing countries. Maliamkono et al. (2009) stressed that most of LGAs have been given duties to collect tax and deliver services to citizens but citizens are reluctant to pay tax due to dissatisfaction on the way LGAs spend the collected revenues. Brew and Wiah (2012) on the other hand argued that the collection of Value Added Tax revenue has become a source of worry not only to the Government but to the nation as a whole. This has resulted in increased social problems, persistent poverty, low economic development and low social development especially in the rural areas. Among the factors indicated as the causes for poor performance of most LGAs in the world include poor resource mobilization capacity especially in own sources of funds (Mubiru, 2010). Studies of LGAs' resource mobilization have reported that most of them collect as little as half of what they would be expected to; hence, they remain dependent to central government and donors whose

funds cannot be ascertained due poor timing and restrictions imposed (Ibid, Brosio, 2000). Alam (2010) argued that 90% of the councils' expenditures in Tanzania are financed by the external sources. To overcome problems of funds mobilization and hence improve the performance, LGAs are required to improve their efficiency in the collection of revenue from own sources. The efficiency of revenue collection in LGAs has always been poor as a result of poor policies at local level, poor systems on revenue collection, corruptions, poor management and others which caused most of them to have poor performance (Fjeldstad et al., 2009). As a result of inefficiency in revenue collection from own sources, the LGAs' dependence on central government is still very high in most developing countries especially in Africa.

1.2 Statement of the Problem

Revenue mobilization is among the major problem facing Local Government Authorities in Tanzania. Although the country has been struggling to improve the performance of LGAs especially in revenue mobilization, still the problem persists as most of LGAs have not been able to mobilize enough revenues to cover the needs of the citizens in their areas of jurisdiction. According to LGAs financial reports for the years 2005/2006 to 2008/2009, LGAs own source revenue collection in Tanzania is generally less than 10% of their resources spent and it is only 3-5% of the total revenues spent in Tanzania (National Audit Office, 2010). During financial year 2011/2012, Tanga City Council estimated to collect Tshs.6, 153,118, 000.00 from its own sources but actual revenue received was Tshs. 3, 449,007,683.00 which was only 56% of internal collection (BSMCL, 2012).

This has resulted in low economic improvement in both macro and micro levels, low improvement in poverty levels, poor infrastructure development. The problems of poor revenue mobilization in the country is the result of poor revenue collection from own sources in most LGAs (Mzenz, 2013).

Although the Government of Tanzania has given authority to LGAs to collect revenue from some specified sources, most of them have not been able to do so with satisfactory efficiency which has resulted in high dependence on central government and donor (Alam, 2010). The high inefficiency in revenue collection from own sources

has led to failure of most of LGAs to implement their development plans, improve their infrastructure and facilitate in the poverty alleviation activities of the citizen. This has also been attributed to the fact that although LGAs have been depending on central government financing and donor, such financing is not enough to meet the required needs and also does not come in time as needed by the LGAs. Grounded with this information it can be argued that the only way for LGAs in Tanzania to improve their performance, meet their obligation to citizens and undertake the economic and social activity in to improve efficiency in the revenue mobilization from their own sources.

Several studies have been conducted in the country especially in area of LGAs performance. Most of them have indicated that LGAs in the country are poorly performing and among the reasons for that are poor revenue mobilization, inadequate management skills (RGoZ, 2010). The study by Komba and Moyo (2012) which evaluated performance of LGAs in Tanzania reported high possibility of evading taxes as people look for ways to evade it. Their justification is that, there are many who do not pay taxes and nothing is done to them. While the study by Mzenzi (2013) which also examined the performance of LGAs reported that collection rates charged by the Tanzanian LGAs in various sources are generally low and are regarded as unrealistic. So far, the studies conducted on performance of LGAs and resource mobilizations in LGAs have generally assessed the causes of the poor performance or resource mobilization. These studies have not been able to examine in details the level of efficiency/inefficiency among LGAs and the causes of such inefficiency to enable direct interventions to be undertaken.

Studies conducted have also not been able to analyse the causes of efficiency/inefficiency in LGAs. Therefore, this study sought to assess the efficiency/inefficiency level in revenue collection in LGAs in Tanzania as well as the causes for such efficiency or inefficiency by taking Tanga Region as a study case.

1.3 Objectives of the Study

1.3.1 General Objective

This study aimed at assessing the efficiency of Revenue collection in Local Government Authorities, a case study of Tanga Local Government Authorities.

1.3.2 Specific objectives

This study aimed at meeting the following specific objectives:

- (i) To assess the Revenue collection efficiency in Tanga LGAs.
- (ii) To determine factors for revenue collection efficiency in Tanga LGAs.
- (iii) To assess the impacts of each factor on Revenue collection efficiency in Tanga LGAs.

1.4 Research Questions

This study was intended to answer the following questions:

- (i) What are the gaps between the revenue capacity, projected revenue and actual collections in Tanga LGAs?
- (ii) What are the factors that determine revenue collection efficiency in Tanga LGAs?
- (iii) What are the impacts of each factor on Revenue collection efficiency in Tanga LGAs?

1.5 Significance of the study

The main contribution of this study is to shed more light into the rationale towards efficiency in revenue collection among LGAs in Tanzania. Despite the fact that Local Government Reform took place from 1998 to broaden the context of local governance and financial management, still LGAs in Tanga Region are facing inefficiency in revenue collection. The findings of this study would help all LGAs in Tanga Region in particular and generally in Tanzania on how to make best practice in revenue collection. The study was designed to contribute knowledge to the existing literature about the efficiency in revenue collection; further, to stimulate research on efficiency in revenue collection and provide useful policy recommendations to policy makers, tax collectors, planners, administrators and other stakeholders on how to achieve the increase in own source revenue collection and reduce the burden to central Government in Tanzania.

1.6 Scope and Delimitation

Generally, this study is focused on the extent to which the efficiency level in revenue collection differs from one LGA to another LGA in Tanga Region by assessing input-output relationship based on category of tax against projection and actual collection with underlined factors for the differences. Furthermore, the study concentrated on examining the factors that determine revenue collection efficiency and their impact in revenue generation. Also, the study has suggested strategies that can be used to motivate Tanga LGAs to increase efficiency level in revenue collection.

1.7 Organization of the study

This study is organized into six consecutive chapters as follows: Chapter 1 presents eight elements, namely background of the study, statement of the problem, the objectives of the study, research questions, significance of the study and lastly but not least scope and delimitation. Chapter 2 is mainly comprised of definition of key concepts, literature review with theoretical part, empirical part and conceptual framework; Chapter 3 is mainly methodological part which comprises research design, study area, study population, sampling techniques, data collection methods and data analysis techniques. Chapter 4 is all about presentation of the findings which includes data cleaning, validity and reliability, factors that determines and affecting revenue collection efficiency in Tanga LGAs as well as the impacts of each factor. Chapter 5 is discussion of the findings and the last chapter is all about summary, conclusions, and recommendations of the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents definitions of the key concepts, theoretical frame work, empirical studies as well as conceptual framework.

2.2 Definitions of the Key Concepts

The key words in this study are revenue, efficiency and local government.

2.2.1 Revenue

The concept of revenue has been defined as the gross inflow of economic benefits during the period arising in the course of the ordinary activities of an entity when those inflows result in increases in equity, other than increases relating to contributions from equity participants (IAS, 2009). As it comes to this study the term revenue has been perceived as the amounts of money received by LGAs from external sources such as central government and donor funds and tax collections and sale of investments (example land).

2.2.2 Efficiency

Dollery (2005) discusses the different perceptions between engineers (from production side) and economists (from a theoretical and financial perspective). An engineer would typically regard efficiency as an indication that output from a given input is maximized. An economist, on the other hand, would define efficiency in terms of output reflecting a consumer's preferences in terms of price and scarcity of the product. Appropriateness and effectiveness have a role to play in the economist's view of efficiency. Abedian and Biggs (1998) on the other hand define efficiency as the optimal employment of resources over time. It is a measure for government to examine how well it is performing the tasks it is supposed to do within a given time frame, without any regard of whether the right things are done. However, the term efficiency has been used in this study as an important measure to determine to what extent LGAs achieved their goals in revenue collection.

2.2.3 Local government

The concept of local government has been perceived differently by different scholars:

Olowu (1988) has defined local government as a product of devolution as a dimension of decentralization. Local government democratic governing units within the unitary democratic system of this country, which are subordinate members of the government vested with prescribed, controlled governmental powers and sources of income to render specific local services and to develop, control and regulate the geographic , social and economic environment of defined local area (Meyer, 1978).

However it has been argued that the weakness of Meyer's definition is that it includes democracy as an essential element of local government while a local government can exist without being democratic in the same way that a national government can exist in a country without that government being democratic. In general, local government may be said to involve the conception of a territorial, non- sovereign community possessing the legal right and the necessary organization to regulate its own affairs. This, in turn, pre-supposes the existence of a local authority with power to act independent of external control as well as the participation in the administration of its own affairs (Robson (1937). Gomme (1987) on the other hand defines local government as that part of the whole government of a nation or state which is administered by authorities subordinate to the state authority, but elected independently of control by the state authority, by qualified persons resident, or having property in certain localities, which localities have been formed by communities having common interests and common history.

2.3 Theoretical Framework

2.3.1 Neoclassical theory of efficiency

According to Neoclassical theory of efficiency it can be demonstrated that the equality of marginal cost and price that is inherent in the perfectly competitive model is sufficient to insure Pareto optimality, and, therefore, "efficiency" in the market (Kolin, 1971). The theory assumes price equals marginal cost, the marginal benefit received by the consumer (reflected by the price) equals the marginal value of the alternate uses of the factors that went into the production of the output (given by marginal cost). Under these circumstances if output were increased, the value to the consumer of the added product would be less than the value given up from other uses. On the other hand, if outputs were reduced the value lost would be greater than the value to be gained in some alternative use. In both instances one sector is being made better off at the expense of another (Ibid). Furthermore, from a neoclassical perspective, market inefficiency is an indication of "market failure" and may call for government intervention to make the market succeed (Ibid).

However, the neoclassic theory is not free from criticisms; it has been argued that the critiques of this model should be in the scope of its assumptions. It succeeds in creating an economy receptive to capitalism, but fails to benefit the population as a whole. There is historical evidence showing developed markets and advanced institutions are crucial to economic development. How about the accumulation of human capital or the effects of corruption (Henning, 2008). Moreover the Neo-Classical model focuses on market efficiency and does not address the efficiency of revenue collection in LGAs. Therefore due to that shortcoming, this theory was not adopted to guide this study.

2.3.2 The Nonparametric Approach to Efficiency Measurement

This approach suggests that economists have advanced three main measures of efficiency. Firstly, technical or productive efficiency refers to the use of productive resources in the most technologically efficient manner. Put differently, technical efficiency implies the maximum possible output from a given set of inputs. In cost terms, this means that an organization should produce a specified level of output in the cheapest possible manner (Worthington et al., 2000). Secondly, a locative efficiency refers to the distribution of productive resources amongst alternative uses so as to produce the optimal mix of output. In other words, a locative efficiency is concerned with choosing between the different technically efficient combinations of outputs.

Taken together, locative efficiency and technical efficiency determine the degree of economic efficiency. Thus, if an agency uses its resources completely allocatively and technically efficiently, then it can be said to have achieved total economic efficiency (Ibid). Thirdly, and in contrast to both a locative efficiency and technical efficiency, dynamic efficiency is a much less precise concept. In general, dynamic efficiency refers to the economically efficient usage of scarce resources through time and thus embraces a locative and technical efficiency in a temporal dimension. The empirical measurement of economic efficiency centre on determining the extent of either a locative efficiency or technical efficiency or both in a given organization or a given industry (Ibid). However, it has been criticized that in non-parametric efficiency measurement approach few units are solely attributed to inefficiencies (Ahmad et al, 1996).

2.3.3 The Austrian Theory of Efficiency

The Austrian theory of efficiency has discussed the concept of efficiency in two levels which are: Austrians begin their discussion of efficiency by first focusing on the individual. From this they conclude that efficiency must be seen in terms of the purpose-full behavior of individuals, and more specifically, whether that behavior is consistent with attaining the purposes and goals that are being sought (Cordato, 1980). To the Austrian economist, then, an efficient course of action would be to apply means that are consistent with attaining the desired goal or programme of goals. Inefficiency arises when means are chosen that are inconsistent with the desired goals. The

question for Austrians then becomes, how does the purposive behavior of all individuals and the means they choose to accomplish those purposes interact in a market economy (Ibid)? Also, it has been argued that economic phenomena cannot be explained unless they are related, either directly or indirectly, to subjective states of valuation as manifested either in choice or in expectations about the market. The problem then becomes, what constitutes efficient activity for the individual actors in society (Ibid).

Moreover the Austrian theory of efficiency addresses efficiency at the level of society. As with the individual, Austrians see the economic problem facing society to be that of securing efficiency. But, the important point to be made is that Austrians do not see societal efficiency apart from the efficiency of the individuals that comprise it. In other words, they recognize that society cannot have goals apart from those of the individuals within it (Ibid).

In other words this notion might best be expressed Kirzner (1963) as: "Society is made up of numerous individuals. Each individual can be viewed as independently selecting his goal program...and each individual adopts his own course of action to achieve his goals. It is therefore unrealistic to speak of society as a single unit seeking to allocate resources in order to faithfully reflect "its" given hierarchy of goals. Society has no single mind where the goals of different individuals can be ranked on a single scale."

Therefore, the Austrian Theory of Efficiency was not depicted as a guiding theory for this study because of its stated weaknesses.

2.3.4 Theory of Collection Efficiency of the Value Added Tax

The theory of political economy holds that the collection of revenue efficiency is impacted by political economy considerations greater polarization and political instability would reduce the efficiency of the tax collection (Aizenman and Jinjarak , 2005). Additionally, the collection is also impacted by structural factors affecting the ease of tax evasion, like the urbanization level, the share of agriculture, and trade openness (Ibid). Therefore, the theory Collection Efficiency of the Value Added Tax was adopted as a guiding theory for this study. This is grounded by the fact that the

present policy makers have much to do in determining the efficiency of revenue collection in a given country.

2.4 Empirical Review

Agyapong (2012) conducted a study on An Evaluation of Effectiveness of Revenue Mobilization Strategies of Metropolitan, Municipal and District Assemblies (MMDAS) in Ghana; A case Study of Kumasi Metropolitan Assembly (KMA). The approach used was descriptive one in which questionnaire; interviews, focus- group discussion, observations and telephone conversation were administered collect information from 120 respondents.

The purpose of the study was to evaluate the effectiveness of revenue mobilization strategies of Metropolitan, Municipal and District Assemblies (MMDAs) in Ghana, Kumasi Metropolitan Assembly (KMA) as a case study. The study revealed that areas considered under the challenges that KMA face included; insufficient IGFs, over reliance on District Assemblies Common Fund (DACF), corruption, inability to provide public needs. Also, the study portrayed that there are so many revenue leakages involving KMA revenue collectors, senior officers of the Assembly and Assemblymen and women of the various Sub-metros. Although African governments are somehow common in their deeds, but we cannot rely on Agyapong's findings and conclude the same due to the lapse of time and geographical location.

Fjeldstad and Ngalewa (2009) conducted a study on Outsourcing Revenue Collection to Private Agents: Experiences from Local Authorities in Tanzania. The purpose of their study was to examine recent experiences with outsourcing of revenue collection in local government in Tanzania. Seven local government authorities were selected for in-depth study: Dar es Salaam and Mwanza city councils, Ilala and Kinondoni Municipal councils, and three rural districts councils Kilosa, Kisarawe and Moshi. The study concluded that outsourcing offers no quick-fix to increase local government revenues or to reduce tax administration problems. While collection has increased and become more experienced substantial problems with corruption and exceptionally highly profit margins for the private agents at the expense of accomplishing reasonable return to the respective local government. However, it has been observed that, when appropriately

managed and monitored, outsourced revenue collection may establish a foundation for more effective and efficient local government revenue administration. Moreover, with the lapse of time as well as objective of the study marked the gap in which this study was intended to clear.

Balaguer-Coll et al. (2002) did a study on efficiency and quality in local government management, a case of Spanish Local Authorities. The objective of the study was to analyze efficiency levels in Spanish local governments. The results show that on the whole, there is still a wide margin within which managers could increase local government efficiency levels, although it is revealed that a great deal of inefficiency is due to exogenous factors. It is specifically found that the size of the entity, per capita tax revenue, the per capita grants or the amount of commercial activity are some of the factors determining local government inefficiency. Basing on variation of environmental context, cannot let us to conclude the same. Instead another study has to be conducted in Tanzania in order to portray the real situation of revenue collection efficiency in local government authorities. This is due to the fact that Spain is developed country where the issue of revenue collection efficiency is well addressed than in the developing countries, Tanzania in particular.

Mugoya and Chikongoye (2011) conducted a study on Revenue Potential Study for Masasi District Council. The main objective of the study was to assess the revenue potential of the Masasi District Council. Documentary review and interview instruments were used to collect data of the study. Their study revealed that MDC managed to increase own-source revenue from shillings 1.7 billion in 2007/2008 to about 2.4 billion in 2010/2011. This represents on average an annual increase of 12.3 per cent. Given that Central Government transfers to MDC in 2010/2011 exceeded shillings 13 billion, MDC own-source revenue therefore accounts for less than 20% of its total expenditure budget. This unduly reliance on Central Government transfers does not augur well with democratic and good governance principles.

Of the total own-source revenue collected by MDC in the past four years, about five per cent is collected from eleven different sources with remainder being collected from four sources only. These include crop cess, other produce cess, self-reliance and export

levy. On the other hand, the study noted that, revenue management at MDC is generally not well organized. There are no designated Council employees responsible for revenue collection. Although Mugoya and Chikongoye study is relevant to this study, but the lapse of time marks the gap in which the research was seeking to bridge.

Ijeoma (2010) conducted a study on the Impact of Poor Revenue Generation on the Development of Local Government Areas, a Case Study of Umuahia North Local Government. The aim of the study was to assess the impact of poor revenue generation on the development of Local Government Areas. The researcher used primary and secondary methods of data collection to generate the needed data. However, 200 involved a total of respondents. The data obtained through questionnaire was presented in tables and expressed in simple percentages. The following were some of the findings which included poor development of the areas, lack of basic social amenities to the rural people and lack of revenue to maintain the existing infrastructures. The researcher therefore recommended that the local government should provide basic amenities of high quality. By doing so, the people's interest would be geared towards giving their maximum support to the local government which would lead to the development of the rural area. Basing on the objective of the study and methodology used, cannot let us to conclude the same. Instead another study has to be conducted in Tanzania so as to depict the real picture of revenue collection efficiency in local government authorities.

Romeo (2013) conducted a study on Public sector efficiency: Evidence for Latin America. Nonparametric methods, particularly the Data Envelopment Analysis, and the Free Disposal Hull in earlier works, have become the predominant approach to assessing relative efficiency of public spending across countries and within sectors. They computed Public Sector Performance (PSP) and Public Sector Efficiency (PSE) indicators and Data Envelopment Analysis (DEA) efficiency scores for a sample of twenty-three Latin American and Caribbean Countries (LAC) to measure efficiency of public spending for the period 2001-2010. Their results show that the PSE is inversely correlated with the size of the government, while the efficiency frontier is essentially defined by Chile, Guatemala, and Peru. Moreover, on average, output quantities could theoretically be proportionally increased by 19 percent with the same level of inputs. In addition, the performed to bit analysis suggests that more transparency and regulatory

quality improve the efficiency scores, while more transparency and control of corruption increase output-oriented efficiency. However the variation of environmental contexts between Latin America and Tanzania cannot let us conclude the same. Hence the study on revenue collection efficiency in local government authorities in Tanzanian context was necessary so as to come up with a real picture of revenue collection efficiency in local government authorities.

Komba (2012) conducted a Study on Willingness to Pay Tax for Tanga City Council. The study was aimed at assessing willingness of taxpayers on paying tax and levies so as to come up with recommendations on better ways of setting up revenue administration systems and hence raise revenues of Tanga City Council. In his study questionnaire and interview instruments were used to collect data from 480 respondents. The study results show that unwillingness to pay is a growing problem. People decision to evade tax and levies are considered as fair in Tanga City. The study observed that gap between projected revenues and to actual collections is still significant. Factor causing unwillingness to pay include; corruption, dishonest of collectors and public leaders, low capacity of City Council to collect and enforce, low awareness, too many taxes, high rates, harassment by collectors and low consideration of gender and disabled. City Council is most blamed for poor revenue collection. However, the main objective of the study which was to assess the willingness of taxpayers on paying tax and levies marked the gap in which this study was intended to bridge.

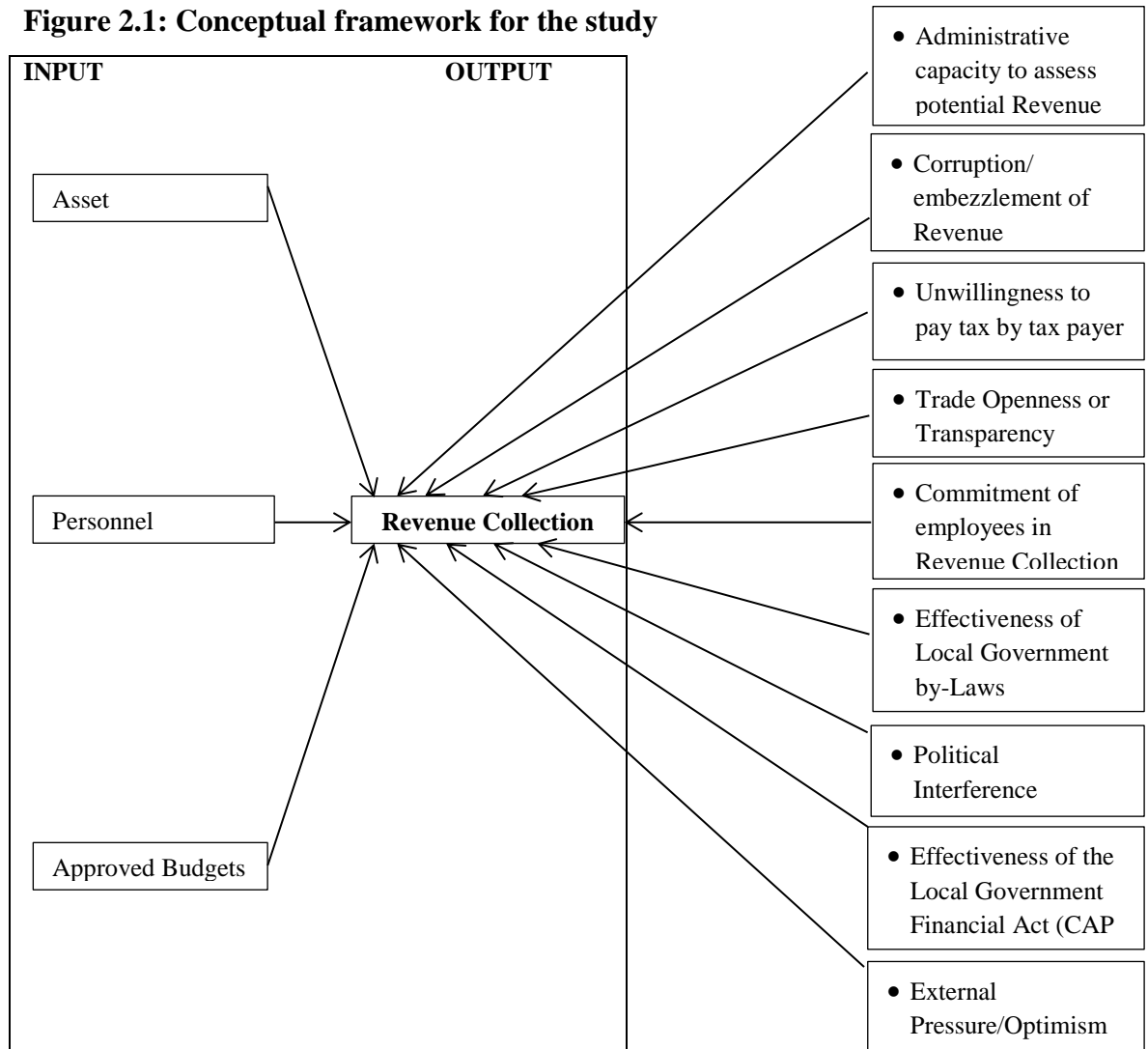
BSMCL (2012) conducted a Study on Revenue Potential in Tanga City Council. The aim of the study was to assess Revenue Potential for Tanga City Council (TCC). The study used Documentary Reviews, Surveys/Interviews, Field Visits, and Focus Group Discussions to collect data. The results depicted that for last seven-year period from 2004/05 to 2010/11, overall revenue collections effectiveness for the top ten sources have been fluctuating ranging from 62% to 140%. In some financial years, revenue increased whereas in other years, collection decreased sometimes sharply. Sharp increases and decreases to a majority of revenue sources between one year and another is mainly explained by lack of correct and up-to-date taxpayers' data base compounded by inadequate or lack of a coherent revenue administration framework . The resulting

impact is the production of unrealistic revenue forecasts every time and every year, which again, is affected by a weak revenue collection framework. Although the study was done in the same environment as this but with the lapse of time the researcher cannot rely on those findings thinking that the situation is still the same. Thus, another study was necessary to be conducted so as to reveal the real picture of the existing situation.

2.5 Conceptual Framework of the Study

Figure 2.1 provides the conceptual framework for the study to guide data collection, analysis and discussions of the findings.

Figure 2.1: Conceptual framework for the study



Source: Developed by a researcher (2014)

From the above model revenue collection efficiency in LGAs is largely influenced by Assets, approved budget and personnel of the authorities concern. Also, for revenue collection in LGAs to be efficient, the government needs to enhance trade openness. This will help to reduce and even diminish the loss of tax- revenue resulted by corruption caused by reticence. However, it should be borne in our minds that how many women and men are in employment and how productive they are at work has a

lot do to with the available opportunities to acquire and maintain relevant skills (ILO, 2010). Thus, the LGAs have to make sure that they have skilled employees all the time so as to increase efficiency and effectiveness of revenue collection. Moreover, it should be noted that the success of an organization depends not only on how the organization makes the most of human competences, but also how it stimulates commitment to an organization (Nijhof et al., 1998). Therefore, in order to bring revenue collection efficiency in local government authorities, employee's commitment has to be taken into consideration. Furthermore, administrative capacity and effective utilization of revenue sources will help to increase revenue collection in a cost effective way in LGAs. Moreover, corruptions, effectiveness of local government by laws and willingness to pay tax by tax payers have much to do with revenue collection efficiency in LGAs. Additionally, it is clear that political stability has positive impact on revenue collection efficiency. While political instability would reduce the efficiency of the tax collection (Aizenman and Jinjark, 2005). Therefore, it is the duty of the government to maintain political stability which has much to do in revenue collection efficiency in LGAs.

Therefore, due to the above conceptual framework, revenue collection in LGAs is largely determined by assets, personnel, approved budget as well as trade openness, committed employee, administrative capacity, effectiveness of local government by laws, external pressure/ political stability, effectiveness of revenue sources and effectiveness of The Local Government Financial Act (Cap 209 R.E. 2002).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents an explanation of the research design, study area, study population, sample size, instruments for data collection, data analysis techniques, validity and reliability.

3.2 Research design

In this study survey and exploratory research design was employed. The major concern was to discover the ideas and insights into Revenue collection efficiency in different Local Government Authorities.

3.3 Study area

The study was conducted in Tanga LGAs. The reasons behind the choice of Tanga LGAs are based on the fact that, Tanga Region was the place of domicile of the researcher therefore the area was accessible for data collection given the time constraint that the researcher has to complete research within six months. Also, Tanga LGAs is a place where revenue collection efficiency has been a problem.

3.4 Study population

The population for primary data of this study was 158 employees (Revenue Practitioners) in nine (9) LGAs in Tanga Region including Regional Commissioner office. Those nine LGAs were; Tanga City Council, Handeni District Council, Lushoto District Council, Mkinga District Council, Pangani District Council, Kilindi District Council, Korogwe Town Council, Muheza District Council and Korogwe District Council.

3.5 Sampling techniques

Sampling techniques entail sampling design and sample size. They are detailed as follows:

3.5.1 Sampling design

In this study probability sampling (purposive and convenience) were used. Purposive and convenience sampling techniques were used to financial practitioners of Tanga LGAs. This helped the researcher to minimize cost and time in data collection.

3.5.2 Sample size

Kotler (2000) pointed out that if well chosen, samples of about 1% of the population can repeatedly provide good reliability. Sekaran (1992) on the other hand proposed that a sample size larger than 30 and less than 500 are appropriate for most researches. Based on this information, this study selected a sample size of 50 respondents and nine LGAs in Tanga Region. The LGAs were Tanga City Council, Handeni District Council, Lushoto District Council, Mkinga District Council, Pangani District Council, Kilindi District Council, Korogwe Town Council, Muheza District Council and Korogwe District Council.

3.6 Data collection

Data for this study were collected through questionnaire and documentary review.

3.6.1 Questionnaire

In this study, both open ended and closed ended questionnaire were designed and used with the aim of capturing information on Revenue collection efficiency from financial practitioners in Tanga LGAs. The use of questionnaires was easier to administer, economic in terms of time and money and simplified data analysis (Mugenda and Mugenda, 1999).

3.6.2 Documentary Review

In this study the secondary data from various documents were used to supplement the information collected through primary source.

3.7 Data analysis techniques

In this study data analysis techniques were used according to objectives of the study.

Objective 1: Assessment of Revenue collection efficiency in Tanga LGAs.

The study used Data Envelopment Analysis to measure efficiency of local government authorities in Tanga region. The researcher used input oriented BCC DEA model with variable return to scale as proposed by Banker et al. (1994). To construct a DEA model for LGAs authorities in Tanga, the researcher assumed to have n LGAs using m input resources to produce s output. According to Banker et al. (1994) the input oriented BCC model of such institutions can be presented as;

$$MinTE = \delta_0 - \rho \left(\sum_{i=1}^m S_i^- + \sum_{r=1}^s S_r^+ \right) \text{-----(1)}$$

$$SubjectTo = \sum_{j=1}^n v_{ij} \lambda_j + S_i^- = \delta x_{i0} \text{-----(2)}$$

$$\sum y_{rj} \lambda_j - S_r^+ = y_{r0} \text{-----(3)}$$

$$\lambda_j, S_r^+, S_i^- \geq 0, i = 1, \dots, m, j = 1, \dots, n, r = 1, \dots, s$$

Where: TE is the technical efficiency ratio of the LGA₀, m is the number of inputs variables, s is the number of output variables, n is the number of LGAs, x_{i0} and y_{r0} are values of input i and output r for LGA₀. ρ is a non-Archimedean quantity which is smaller than any positive real number, δ₀ is the proportion of LGA₀ input which is needed to produce a quantity of output equivalent to the best performer LGA. λ_j, S_i⁻ and S_r⁺ are input and output slack variables respectively, λ_j is a (nx1) column vector of constants indicating benchmarked LGAs for LGA₀.

Objective 2: Assessing the factor affecting revenue collection efficiency

In this objective, data was analyzed with the use of Descriptive Statistics and Factor Importance Analysis. However, the analysis of Descriptive Statistics was conducted into two levels. In the first level descriptive statistics was used to analyze information with the help of SPSS software. The software helped to portray information in terms of percentages and frequencies in tabular form. The second level of analysis was application of the content analysis whereby the frequencies and percentages were analyzed for the purpose of deducing the latent emphasis within these percentages and frequencies. Also, in this objective, Factor Importance Analysis was applied. This kind of analysis helped to find out the factors that are highly influence revenue collection in Tanga LGAs.

It is given by:

$$\text{Factor importance Analysis} = \frac{\text{Mean}}{\text{Standard Deviation}}$$

Objective 3: Assessing the impact of each factor on revenue collection efficiency in Tanga LGAs.

This objective assessed the impact of each factor on revenue collection efficiency in Tanga LGAs. To address this objective Statistical analysis was applied in which data were analyzed with the use of Partial Correlation, Regression Analysis, Correlation Coefficient, r and Coefficient of Determination, r^2 or R^2 .

Partial Correlation

Partial correlation is a method used to describe the relationship between two variables whilst taking away the effects of another variable, or several other variables, on this relationship.

A B C

A: *

B: r(AB) *

C: r(AC) r(BC) *

The partial correlation of A and B adjusted for C is:

$$r_{ABC} = \frac{r_{AB} - r_{AC}r_{BC}}{\sqrt{(1-r_{AC}^2)(1-r_{BC}^2)}}$$

Regression Analysis

This shows the role r_{xy} plays in the regression line of standardized data points. It is sometimes useful to calculate r_{xy} from the data independently using this equation:

$$r_{xy} = \frac{\overline{xy} - \bar{x}\bar{y}}{\sqrt{(\overline{x^2} - \bar{x}^2)(\overline{y^2} - \bar{y}^2)}}$$

The coefficient of determination (R squared) is equal to r_{xy}^2 when the model is linear with a single independent variable

Correlation Coefficient, r

The quantity r , called the linear correlation coefficient, measures the strength and the direction of a linear relationship between two variables. The linear correlation coefficient is sometimes referred to as the Pearson product moment correlation coefficient in honour of its developer Karl Pearson.

The mathematical formula for computing r is:

$$r = \frac{n \sum xy - (\sum x)(\sum y)}{\sqrt{n(\sum x^2) - (\sum x)^2} \sqrt{n(\sum y^2) - (\sum y)^2}}$$

Coefficient of Determination, r² or R²

The coefficient of determination, r², is useful because it gives the proportion of the variance (fluctuation) of one variable that is predictable from the other variable.

It is a measure that allows us to determine how certain one can be in making predictions from a certain model/graph.

The coefficient of determination is the ratio of the explained variation to the total variation.

The coefficient of determination is such that $0 < r^2 < 1$, and denotes the strength of the linear association between x and y.

3.8 Validity and Reliability

3.8.1 Validity

The concept of validity refers to the extent to which the concept one wishes to measure is actually being measured by a particular scale or index. It aims at establishing a result that is linked with conditions (Kothari, 2004). This could include the extent to which an account accurately represents the social phenomena to which it refers. It is the most critical criterion and indicates the degree to which an instrument measures what it is supposed to measure. It can also be thought of as utility. In other words, validity is the extent to which differences found with a measuring instrument reflect true differences among those being tested (Ibid). Validity is linked to reliability which refers to the consistency with which repeated measures produce the same results across time and observers (Mwajombe, 2007).

3.8.2 Reliability

According to Kothari (2004) a reliable measuring instrument does contribute to validity, but a reliable instrument need not be a valid instrument. Also, the term reliability has been defined as the degree of consistency with which the instrument measures an attribute (Polit & Hungler, 1999).

CHAPTER FOUR

PRESENTATION OF FINDINGS

4.1 Introduction

This chapter presents the findings of the study. The aim of this study was to assess the efficiency of Revenue collection in Local Government Authorities in Tanzania. However, the findings are presented according to the specific objectives of the study.

4.2 Data cleaning, Validity and Reliability Test Results

4.2.1 Data cleaning

To insure the accuracy of the information, all partially filled questionnaires which had false answers were rejected.

4.2.2 Validity Test Result

Validity is linked to reliability which refers to the consistency with which repeated measures produce the same results across time and observers (Mwajombe, 2007). To insure reliability in this study, a pilot study was conducted. This helped the researcher to modify questionnaires before distributing them to the targeted respondents of the study.

4.2.3 Reliability Test Result

Table 4.1: Case Processing Summary

		N	%
Cases	Valid	50	100.0
	Excluded ^a	0	.0
	Total	50	100.0

Source: Field Data (2014)

a. List wise deletion based on all variables in the procedure as shown in table 4.1; also table illustrate total number of respondents.

Table 4.2: Item-Total Statistics

Variables	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Trade Openess/Transparency in Tanga LGAs	28.64	16.521	.471	.561
Political Interference	28.28	15.716	.458	.556
Administrative Capacity to access revenue potential sources	28.50	15.765	.513	.546
Corruption/embezzlement of revenue	28.72	16.287	.344	.586
External pressure/ Optimistic	28.44	16.415	.336	.588
Unwilling to pay tax by tax payers	28.10	16.255	.516	.552
Commitment of Employee in revenue collection	28.30	17.194	.345	.588
Effectiveness of the local government financial Act (CAP 209.RE.2002)	29.18	21.947	-.253	.747
Effectiveness of Local government by laws	28.32	16.875	.333	.589

Source: Field Data (2014)

Table 4.2 above shows how the items correlate to total correlation as depicted in second Colum from right side.

Table 4.3: Reliability Statistics

Cronbach's Alpha	N of Items
.664	9

Source: Field Data (2014)

From the Table 4.3 above; Reliability for this study was tested by Cronbach alpha in an overall constructed coefficient of 0.664 was obtained from respondents' questionnaires. By the rule of thumb, for a construct to be valid, the value of alpha coefficient should be greater or equal to 0.7 (Hatcher, 1994 and Santos, 1999). Therefore, the values obtained which is 0.664 estimated to 0.7 indicate that data used in conducting this research had high internal consistency.

This part presents the findings of the study on the factors that determines revenue collection efficiency in Tanga LGAs. However, the findings are presented in terms of the respondents' characteristics and their view on the factors affecting efficiency in Tanga LGAs.

Respondents Profile

This part presents respondents characteristics in terms of their gender, level of education, working Station and length of Service in Local Government Authorities.

Gender of the Respondents

This variable was intended to reveal the gender of the respondents. Table 4.1 below shows frequency and percentage distribution of respondents with respect to their gender.

Table 4.4: Gender of the Respondents.

Gender	Frequency	Percentage
Male	30	60.0
Female	20	40.0
Total	50	100.0

Source: Field Data (2014)

Table 4.4 above shows that more than half 30 (60%) of the total respondents were male and 20 (40%) of the total respondents were female. This implies that a good number of employees in Tanga LGAs are male.

Respondents' Level of Education

Table 4.5: Respondents' level of Education

Level of Education	Frequency	Percentage
Advanced level	3	6.0
Diploma	5	10.0
Degree	26	52.0
Master Degree	14	28.0
CPA	2	4.0
Total	50	100.0

Source: Field Data (2014)

Table 4.5 above shows that 3(6%) of the total respondents had advanced certificate of secondary education, 5(10%) of the total respondents were diploma holders, 26(52%) of the total respondents were degree holders, 14(28%) of the total respondents were master's degree holders and 2(4%) of the total respondents were CPA holders. This implies that the level of education of the respondents was high to the extent that they were able to read, comprehend and respond to the questionnaires accordingly.

Respondents' working Stations

Respondents' working stations were also established in this study as follows:

Table 4.6: Respondents' working Stations.

LGAs	Frequency	Percentage
Tanga City Council	5	10.0
Handeni District Council	6	12.0
Lushoto District Council	7	14.0
Mkinga District Council	7	14.0
Pangani District Council	5	10.0
Kilindi District Council	5	10.0
Korogwe Town Council	5	10.0
Muheza District Council	6	12.0
Korogwe District Council	4	8.0
Total	50	100.0

Source: Field Data (2014)

Table 4.6 above shows that 5(10%) of the total respondents were from Tanga City Council, 6(12%) of the total respondents were from Handeni District Council, 7(14%) of the total respondents were from Lushoto District Council, 7(14%) of the total respondents were from Mkinga District Council, 5(10%) of the total respondents were from Pangani District Council, 5(10%) of the total respondents were from Kilindi District Council, 5(10%) of the total respondents were from Korogwe Town Council, 6(12%) of the total respondents were from Muheza District Council and 4(8%) of the total respondents were from Korogwe District Council. This implies that data of this study was obtained from different Local Government Authorities of Tanga Region.

Respondents' Designation

Table 4.7: Respondents' Designation

Designation	Frequency	Percentage
Accountant	11	22.0
Economist	8	16.0
Planning Officer	5	10.0
Business Officer	6	12.0
Revenue Accountant	4	8.0
Internal Auditor	8	16.0
Community Development Officer	2	4.0
Treasurer Officer	2	4.0
Director	1	2.0
Regional commissioner	1	2.0
Financial Manager	2	4.0
Total	50	100.0

Source: Field Data (2014)

Table 4.7 shows that 11(22%) of the total respondents were Accountants, 8(16%) of the total respondents were Economists, 5(10%) of the total respondents were Planning Officers, 6(12%) of the total respondents were Business Officers, 4(8%) of the total respondents were Revenue Accountants, 8(16%) of the total respondents were Internal Auditors, 2(4%) of the total respondents were Community Development Officers, 2(4%) of the total respondents were Treasurer Officers, 1(2%) of the total respondents was Director, 1(2%) of the total respondents was Regional commissioner and 2(4%) of the total respondents were Financial Managers. This implies that data for this study was conducted from people who have an idea on revenue issues.

Table 4. 8: Respondents length of Service in LGAs

Years	Frequency	Percentage
0-5	21	42.0
5-10	17	34.0
10-15	10	20.0
15-20	1	2.0
20+	1	2.0
Total	50	100.0

Source: Field Data (2014)

Table 4.8 above shows that 21(42%) of the total respondents have saved in LGAs between 0-5 years, 17(34%) of the total respondents have saved in LGAs between 5-10 years, 10(20%) have saved in LGAs between 10-15 years, 1(2%) of the total respondents has saved in LGAs between 15-20 years and 1(2%) of the total respondents has saved in LGAs for above 20 years. This indicates that majority of the total respondents had good working experience in LGAs enough to speak on the matters related to revenue collection in LGAs.

4.3 Study Findings

4.3.1 Assessment of Revenue collection efficiency in Tanga LGAs

This objective was aimed at assessing Revenue collection efficiency in Tanga LGAs. To attain this objective data was collected from 9 Districts Councils of Tanga Region. Moreover the study used data envelopment analysis (DEA) input-oriented under revenue collection efficiency. However in this part it should be noted that DMU 1 stands for Tanga City Council, DMU 2 stands for Handeni District Council, DMU 3 stands for Lushoto District Council, DMU 4 stands for Mkinga District Council, DMU 5 stands for Pangani District Council, DMU 6 stands for Kilindi District Council, DMU 7 stands for Korogwe Town Council, DMU 8 stands for Muheza District Council and DMU 9 stands for Korogwe District Council.

Table 4.9: Efficiency means results in Tanga LGAs

Years /Efficiency score	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Technical Efficiency Score(CRS)	0.741	0.898	0.927	0.882	0.685	0.798
Pure Technical Efficiency Score(VRS)	0.847	0.924	0.935	0.982	0.953	0.909
Scale Efficiency Score	0.885	0.947	0.986	0.900	0.708	0.885

Source: Field Data (2014)

Table 4.9 above shows that mean technical efficiency results in Tanga LGAs were 0.741 in 2007/08, 0.898 in 2008/09, 0.927 in 2009/10, 0.882 in 2010/11, 0.685 in 2011/12 and 0.798 in 2012/13. This indicates high ability of Tanga LGAs in the use of staff in revenue collection. The results under mean pure technical efficiency results were higher than results under technical efficiency.

The results under mean pure technical efficiency indicated that Tanga LGAs only needed 84.7%, 92.4%, 93.5%, 98.2%, 95.3% and 90.9% of the input resources used to produce the current level of output produced for the six years respectively. The mean scale efficiency results were 0.885 in 2007/08, 0.947 in 2008/09, 0.9862 in 2009/10, 0.900 in 2010/11, 0.708 in 2011/12 and 0.885 in 2012/13. Results on scale efficiency were lower than pure technical efficiency in all six years of review; this indicates that most of the inefficiencies observed in Tanga LGAs were related to managerial issues.

Table 4. 10: Efficiency scores for the year 2007/2008

NO	DMU	Technical Efficiency Score(CRS)	Pure Technical Efficiency Score(VRS)	Scale Efficiency Score	RTS
1	1	1	1	1	Constant
2	2	1	1	1	Constant
3	3	1	1	1	Constant
4	4	1	1	1	Constant
5	5	0.542	0.543	0.999	Decreasing
6	6	0.609	0.823	0.739	Increasing
7	7	0.276	1	0.276	Increasing
8	8	1	1	1	Constant
9	9	0.243	0.255	0.951	Decreasing

Source: Field Data (2014)

Table 4.10 above indicates 1, 2, 3, 4 and 8 Districts Councils were at 100% efficiency in revenue collection. On the other hand the efficiency for 5 and 9 Districts council were decreasing while the efficiency for 6 and 7 Districts Councils were increasing. The results show technical efficiency scores of 1, 1, 1, 1 and 1 for the 1,2,3,4 and 8 Districts Councils. Also, technical efficiency scores of 5, 6, 7 and 9 District Councils were 0.542, 0.609, 0.276 and 0.243 respectively. Pure technical efficiency score for 1, 2,3,4,7 and 8 Districts Councils were at 100%. Pure technical efficiency score under 5, 6 and 9 were 0.543, 0.823 and 0.255 respectively. Scale efficiency score of 1,1,1,1 and 1 for the 1,2,3,4 and 8 Districts Councils. Moreover, scale efficiency score of 0.999, 0.739, 0.276 and 0.951 for 5, 6, 7 and 9 Districts Councils respectively. However, results under return to scale indicate that 1, 2, 3, 4 and 8 Districts Councils were at constant stage. On the other hand, the results under return to scale for 6, 7 and 9 Districts Councils were at increasing stage while the results under return to scale for 5 District Council was at decreasing stage. This information indicates the possibility of 5 District Council to fall in return to scale in the next year.

Table 4. 11: Efficiency scores for the year 2008/2009

NO	DMU	Technical Efficiency Score(CRS)	Pure Technical Efficiency Score(VRS)	Scale Efficiency Score	RTS
1	1	1	1	1	Constant
2	2	1	1	1	Constant
3	3	1	1	1	Constant
4	4	1	1	1	Constant
5	5	1	1	1	Constant
6	6	1	1	1	Constant
7	7	0.886	1	0.886	Increasing
8	8	1	1	1	Constant
9	9	0.199	0.312	0.638	Increasing

Source: Field Data (2014)

Table 4.11 above shows that 1,2,3,4,5,6,8 and 9 Districts Councils were 100% efficient in 2008/09 under constant return to scale (CRS) assumption while 7 District Council was under increasing return to scale and 9 District Council was inefficient. The technical efficiency score was found to be 1 in 1, 2, 3, 4, 5, 6, and 8. This implies that 1,2,3,4,5,6 and 8 Districts Councils each needed 100% of the resources that they used for them to be efficient without affecting the output (under constant return to scale) and 100%, 100%, 100%, 100%, 100%, 100% and 100% of the resources used for them to be 100% efficient for the whole year without affecting the output values under pure technical efficiency score(VRS) respectively. However, technical efficiency score for 7 and 9 was 0.886 and 0.199 respectively. This indicates that an average of 11.4 % and 80.1% diverge from 7 and 9 Districts Councils. Results under pure technical efficiency for 1,2,3,4,5,6,7 and 8 Districts Councils were found to be 1 in each District Council. While the results for 9 District Council was found to be 31.2%. Return to scale indicated that 1, 2, 3, 4, 5, 6, and 8 Districts Councils studied 100% each was at constant stage. While return to scale for 7 and 9 Districts Councils studied 88.6% and 63.8% and were at increasing stage.

Table 4.12: Efficiency scores for the year 2009/2010

NO	DMU	Technical Efficiency Score(CRS)	Pure Technical Efficiency Score(VRS)	Scale Efficiency Score	RTS
1	1	1	1	1	Constant
2	2	1	1	1	Constant
3	3	0.985	0.997	0.988	Decreasing
4	4	1	1	1	Constant
5	5	1	1	1	Constant
6	6	0.440	0.495	0.888	Increasing
7	7	1	1	1	Constant
8	8	1	1	1	Constant
9	9	0.919	0.919	1	Constant

Source: Field Data (2014)

Table 4.12 above shows technical efficiency results for 1, 2, 4, 5, 7 and 8 Districts Councils were found to be 1 in each District Council. While technical efficiency results for 3, 6, and 9 Districts Councils were found to be 98.5%, 44% and 91.9% respectively. This implies that on average Tanga LGAs use well manpower in generating of output. The results under pure technical efficiency were found to be as the results under technical efficiency for 1, 2, 4, 5, 7, 8 and 9 Districts Councils. While the results under pure technical efficiency for 3 and 6 Districts Councils were discovered to be higher than results under technical efficiency. The pure technical scores indicated Tanga LGAs needed 100%, 100%, 99.7%, 100%, 100%, 49.5%, 100%, 100% and 91.9% of the input resources used to produce the current level of output. Scale of efficiency scores were found to be 100%, 100%, 98.8%, 100%, 100%, 88.8%, 100%, 100% and 100% for 1, 2, 3, 4, 5, 6, 7, 8, and 9 Districts Councils respectively. This indicates that 1.2% and 11.2% of inputs was wasted in the production of outputs for the year 2009/2010 at 3 and 6 Districts Councils. However, the findings of this study indicate that 1, 2, 4, 5, 7, 8 and 9 Districts Councils were at constant stage while 6 District Council was at increasing stage and 3 District Council was at decreasing stage. This implies that 1, 2, 4, 5, 7, 8 and 9 Districts Councils were performing at 100% efficiency, 6 District Councils was performing good and the performance of 3 District Council was performing poorly throughout the year.

Table 4.13: Efficiency scores for the year 2010/2011

NO	DMU	Technical Efficiency Score(CRS)	Pure Technical Efficiency Score(VRS)	Scale Efficiency Score	RTS
1	1	1	1	1	Constant
2	2	1	1	1	Constant
3	3	0.946	1	0.946	Increasing
4	4	1	1	1	Constant
5	5	0.839	1	0.839	Increasing
6	6	0.316	1	0.316	Increasing
7	7	1	1	1	Constant
8	8	1	1	1	Constant
9	9	0.839	0.839	1	Constant

Source: Field Data (2014)

Table 4.13 above shows that 1,2,4,7 and 8 Districts Councils were 100% efficient in 2010/11 under constant return to scale (CRS). While 3, 5, 6 and 9 Districts Councils were under increasing return to scale. The technical efficiency score was found to be 1, 1,1,1,1 in 1, 2, 4, 7 and 8 Districts Councils. The technical efficiency was discovered to be 0.946, 0.839, 0.316 and 0.839 in 3, 5, 6 and 9 Districts Councils respectively. The results under pure technical efficiency were equal as the results under technical efficiency. The pure technical scores indicated that Tanga LGAs only needed 100%, 100%, 100%, 100%, 100%, 100%, 100% and 100% of the input resources to produce the current level of output produced in 1,2,3,4,5,6,7 and 8 Districts Councils. While the pure technical for 9 District Council indicated that 83.9% of the input resource to produce the current level of output produced. The results on scale efficiency were equal as pure technical efficiency in all Districts Councils; this indicates that Tanga LGAs were efficiency in utilizing human resource to generate the output.

Table 4.14: Efficiency scores for the year 2011/2012

NO	DMU	Technical Efficiency Score(CRS)	Pure Technical Efficiency Score(VRS)	Scale Efficiency Score	RTS
1	1	1	1	1	Constant
2	2	1	1	1	Constant
3	3	1	1	1	Constant
4	4	1	1	1	Constant
5	5	0.209	1	0.209	Increasing
6	6	0.277	0.576	0.481	Increasing
7	7	0.358	1	0.358	Increasing
8	8	1	1	1	Constant
9	9	0.320	1	0.320	Increasing

Source: Field Data (2014)

The results of the table 4.14 above show that 1,2,3,4 and 8 Districts Councils were at 100% efficiency under constant return to scale for the whole year. While 5, 6, 7 and 9 Districts Councils were under increasing return to scale. The results show technical efficiency scores of 1,1,1,1 and 1 for 1,2,3,4 and 8 Districts Councils and 0.209, 0.277, 0.358 and 0.320 for 5, 6, 7 and 9 Districts Councils. This indicates that 1,2, 3,4 and 8 Districts Councils use well human resource in revenue collection while below the average 5, 6, 7 and 9 Districts Councils use human resource in revenue collection. Therefore on average 5, 6, 7 and 9 Districts Councils were required to increase 79.1%, 72.3%, 64.2 and 68% of their input while increasing output level in order to reach efficient frontier line in average terms.

The results under pure technical efficiency were equal as the results under technical efficiency score for 1,2,2,4 and 8 Districts Councils. While the results under pure technical efficiency for 5, 6, 7 and 9 Districts Councils were higher than the results under technical efficiency score. Moreover, the values of pure technical efficiency for 1, 2, 3,4 and 8 Districts Councils were equal to values of scale efficiency. While the values of pure technical efficiency for 5, 6, 7 and 9 Districts Councils were higher than values of scale efficiency indicating that sources of inefficiencies were caused by managerial issues.

Table 4.15: Efficiency scores for the year 2012/2013

NO	DMU	Technical Efficiency Score(CRS)	Pure Technical Efficiency Score(VRS)	Scale Efficiency Score	RTS
1	1	1	1	1	Constant
2	2	0.761	0.794	0.958	Decreasing
3	3	1	1	1	Constant
4	4	1	1	1	Constant
5	5	0.399	1	0.399	Increasing
6	6	0.665	0.742	0.897	Increasing
7	7	0.713	1	0.713	Increasing
8	8	1	1	1	Constant
9	9	0.641	0.643	0.996	Increasing

Source: Field Data (2014)

Table 4.15 above shows that 1, 3, 4 and 8 Districts Councils were at the efficient frontier line while others were relatively inefficient. The efficiency scores under constant return to scale were 1, 1, 1 and 1 for 1, 3, 4 and 8 Districts Councils respectively. And the efficiency scores under increasing return to scale were 0.399, 0.897, 0.713 and 0.996 for 5, 6, 7 and 9 Districts Councils respectively. While the efficiency scores under decreasing return to scale was 0.958 for 2 District Council. This indicates inefficiency level among the 5, 6, 7, 9 and 2 Districts Councils. It shows that 60.1%, 33.5%, 28.7 %, 35.9% and 23.9% in terms of the average of inputs used was wasted in the production of output. The results indicate low ability in the revenue generation among the 5, 6, 7, 9 and 2 Districts Councils using the available human resources. The results on pure technical efficiency were equal to the results of scale efficiency for 1, 3, 4 and 8 Districts Councils. However, the results on pure technical efficiency were higher than the results of scale efficiency for 6, 7, 9 and 2 Districts Councils. This indicates that the sources of inefficiencies for 6, 7, 9 and 2 Districts Councils were related to managerial aspects in nature.

Efficiency future expectations

The future efficiency expectations indicate the expected efficiency performance of LGAs in Tanga. This indicates whether LGAs efficiency level is expected to improve, worsen or remain constant in the future and is measure by the return to scale results. The return to scale results is shown in table below.

Table 4.16: Efficiency future expectations

Year/RTS	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	Total	%
Increase	2	2	1	3	4	4	16	29.6
Constant	5	7	7	6	5	4	34	63.0
Decrease	2	0	1	0	0	1	04	7.4
LGAs	9	9	9	9	9	9	54	100

Source: Field Data (2014)

Table 4.16 illustrate that the return to scale results shows that among the nine LGAs reviewed in Tanga region, 29.6% have increasing return to scale. This implies that, such LGAs are expected to improve their efficiency in the future given the input resources they use. The finding gives the good expectation of the LGA since they are likely to use the input resources more efficiently hence improve their current efficiency

level. The finding also shows that 63% of the LGAs reviewed have constant return to scale. This implies that these LGAs are expected to have the same level of efficiency in the future hence no any improvement is expected. The results give an indication to management, that they should improve their operations and adjust their operational system if they need to enhance their efficiency. Lastly, 7.4% of the LGAs were found to have decreasing return to scale, this implies that such LGAs will have weakened efficiency in the future. The efficiency of such LGAs will decrease in the future as the input used are expected to produce less amount of the output in the future as compared to the current situation

4.3.2 Factors affecting revenue collection efficiency in Tanga LGAs

This part was aimed at assessing factors that determines revenue efficiency in Tanga LGAs. To attain this objective, respondents were asked to rate the extent in which “*Trade Openness/Transparency in Tanga LGAs*” determines revenue collection efficiency in Tanga LGAs. Table 4.17 below shows the frequency and percentage distribution of respondents regarding to the extent to the stated statement above.

Table 4. 17: Trade Openness/Transparency in Tanga LGAs

Rate	Frequency	Percentage
Very Low	1	2.0
Low	16	32.0
Moderate	17	34.0
High	13	26.0
Very High	3	6.0
Total	50	100.0

Source: Field Data (2014)

Table 4.17 above shows that 1(2%) of the total respondents reported that trade openness/transparency is very low in Tanga LGAs, 16(32%) of the total respondents reported that trade openness/transparency is low in Tanga LGAs, 17(34%) of the total respondents reported that trade openness/transparency is moderate in Tanga LGAs, 13(26%) of the total respondents reported that trade openness/transparency is high in

Tanga LGAs and 3(6%) of the total respondents reported that transparency is very high in Tanga LGAs.

Also, respondents were requested to rate the extent in which “*Political Interference in Tanga LGAs*” determines revenue collection efficiency in Tanga LGAs. Table 4.18 below shows the frequency and percentage distribution of respondents according to their response to the given statement above.

Table 4.18: Political interference in Tanga LGAs

Rate	Frequency	Percentage
Very Low	2	4.0
Low	3	6.0
Moderate	12	24.0
High	20	40.0
Very High	13	26.0
Total	50	100.0

Source: Field Data (2014)

Table 4.18 above shows that 2(4%) of the total respondents reported that political interference is very low in Tanga LGAs, 3(6%) of the total respondents reported that political interference is low in Tanga LGAs, 12(24%) of the total respondents reported that political interference is moderate in Tanga LGAs, 20(40%) of the total respondents reported that political interference is high in Tanga LGAs and 13(26%) of the total respondents reported that political interference is very high in Tanga LGAs.

However, respondents were requested to rate the extent in which “*Administrative Capacity to access revenue potential sources*” determines revenue collection efficiency in Tanga LGAs. Table 4.19 below shows the frequency and percentage distribution of responses according to their response to the given statement above.

Table 4. 19: Capacity to access Revenue potential sources

Rate	Frequency	Percentage
Very Low	1	2.0
Low	9	18.0
Moderate	17	34.0
High	16	32.0
Very High	7	14.0
Total	50	100.0

Source: Field Data (2014)

Table 4.19 above shows that 1(2%) of the total respondent reported that administrative capacity to assess revenue potential sources is very low, 9(18%) of the total respondents reported that administrative capacity to access revenue potential sources is Low in Tanga LGAs,17(34%) of the total respondents reported that administrative capacity to access revenue potential sources is moderate in Tanga LGAs, 16(32%) of the total respondents reported that administrative capacity to access revenue potential sources is high in Tanga LGAs and 7(14%) of the total respondents reported that administrative capacity to access revenue potential sources is very high in Tanga LGAs.

Also, respondents were requested to state the extent in which “*Corruption/embezzlement of revenue*” determines revenue collection efficiency in Tanga LGAs. Table 4.20 below shows the frequency and percentage distribution of respondents according to their response to the given statement above.

Table 4.20: Corruption/embezzlement of Revenue

Rate	Frequency	Percentage
Very Low	2	4.0
Low	17	34.0
Moderate	9	18.0
High	21	42.0
Very High	1	2.0
Total	50	100.0

Source: Field Data (2014)

Table 4.20 above shows that 2(4%) of the total respondents reported that corruption/embezzlement of revenue is very low in Tanga LGAs, 12(34%) of the total respondents reported that corruption/embezzlement of revenue is low in Tanga LGAs, 9(18%) of the total respondents reported that corruption/embezzlement of revenue is moderate in Tanga LGAs, 21(42%) of the total respondents reported that corruption/embezzlement of revenue is high in Tanga LGAs and 1(2%) of the total respondents reported that corruption/embezzlement of revenue is very high in Tanga LGAs.

Furthermore, respondents were asked to rate the extent in which “*External pressure/ Optimism*” determines revenue collection efficiency in Tanga LGAs. Table 4.21 below shows the frequency and percentage distribution of respondents according to their response to the given statement above.

Table 4.21: External pressure/ Optimism

Rate	Frequency	Percentage
Very Low	3	6.0
Low	4	8.0
Moderate	12	24.0
High	21	42.0
Very High	10	20.0
Total	50	100.0

Source: Field Data (2014)

Table 4.21 above shows that 3(6%) of the total respondents reported that external pressure/ optimism is very low in Tanga LGAs, 4(8%) of the total respondents reported that external pressure/ optimism is low in Tanga LGAs, 12(24%) of the total respondents reported that external pressure/ optimism is moderate in Tanga LGAs, 21 (42%) of the total respondents reported that external pressure/ optimism is high in Tanga LGAs and 10(20%) of the total respondents reported that external pressure/ optimism is very high in Tanga LGAs.

Also, respondents were asked to rate the extent in which “*Unwillingness to pay tax by tax payers*” determines revenue collection efficiency in Tanga LGAs. Table 4.22 below shows the frequency and percentage distribution of respondents according to their response to the given statement above.

Table 4.22: Unwillingness to pay tax by tax payers

Rate	Frequency	Percentage
Very Low	1	2.0
Low	1	2.0
Moderate	10	20.0
High	25	50.0
Very High	13	26.0
Total	50	100.0

Source: Field Data (2014)

Table 4.22 above shows that 1(2%) of the total respondents reported that unwillingness to pay tax by tax payers is very low in Tanga LGAs, 1(2%) of the total respondents reported that unwillingness to pay tax by tax payers is low in Tanga LGAs, 10(20%) of the total respondents reported that unwillingness to pay tax by tax payers is moderate in Tanga LGAs, 25(50%) of the total respondents reported that unwillingness to pay tax by tax payers is high in Tanga LGAs and 13(26%) of the total respondents reported that unwillingness to pay tax by tax payers is very high in Tanga LGAs.

Moreover, respondents were asked to rate the extent in which “*Commitment of Employee in revenue collection*” determines revenue collection efficiency in Tanga LGAs. Table 4.23 below shows the frequency and percentage distribution of respondents according to their response to the given statement above.

Table 4.23: Commitment of Employee in Revenue collection

Rate	Frequency	Percentage
Very Low	1	2.0
Low	15	30.0
Moderate	12	24.0
High	13	26.0
Very High	9	18.0
Total	50	100.0

Source: Field Data (2014)

Table 4.23 above shows that 1 (2%) of the total respondents reported that commitment of employees in revenue collection is very low in Tanga LGAs, 15(30%) of the total respondents reported that commitment of employees in revenue collection is low in Tanga LGAs, 12 (24%) of the total respondents reported that commitment of employees in revenue collection is moderate in Tanga LGAs, 13 (26%) of the total respondents reported that commitment of employees in revenue collection is high in Tanga LGAs and 9 (18%) of the total respondents reported that commitment of employees in revenue collection is very high in Tanga LGAs.

However, respondents were asked to rate the extent in which “*Effectiveness of the local government financial Act (CAP 209.RE.2002*” determines revenue collection efficiency in Tanga LGAs. Table 4.24 below shows the frequency and percentage distribution of respondents according to their response to the given statement above.

Table 4.24: Effectiveness of the LGAs financial Act.

Rate	Frequency	Percentage
Very low	20	40.0
Low	8	16.0
Moderate	10	20.0
High	12	24.0
Total	50	100.0

Source: Field Data (2014)

Table 4.24 above shows that 20 (40%) of the total respondents reported that effectiveness of the local government financial Act (CAP 209.RE.2002) is very low in Tanga LGAs, 8 (16%) of the total respondents reported that effectiveness of the local government financial Act (CAP 209.RE.2002) is low in Tanga LGAs, 10 (20%) of the total respondents reported that effectiveness of the local government financial Act (CAP 209.RE.2002) is moderate in Tanga LGAs and 12 (24%)of the total respondents reported that effectiveness of the local government financial Act (CAP 209.RE.2002) is high in Tanga LGAs

Additionally, respondents were asked to rate the extent in which “*Effectiveness of Local government by laws*” determines revenue collection efficiency in Tanga LGAs. Table 4.25 below shows the frequency and percentage distribution of respondents according to their response to the given statement above.

Table 4.25: Effectiveness of Local Government by laws

Rate	Frequency	Percentage
Very Low	2	4.0
Low	13	26.0
Moderate	11	22.0
High	14	28.0
Very High	10	20.0
Total	50	100.0

Source: Field Data (2014)

Table 4.25 above shows that 2(4%) of the total respondents reported that effectiveness of local government by-laws is very low in Tanga LGAs, 13 (26%) of the total respondents reported that effectiveness of local government by laws is low in Tanga LGAs, 11 (22%) of the total respondents reported that effectiveness of local government by-laws is moderate in Tanga LGAs, 14 (28%) of the total respondents reported that effectiveness of local government by laws is high in Tanga LGAs and 10 (20%) of the total respondents reported that effectiveness of local government by laws is very high in Tanga LGAs.

Factor Importance Analysis

Table 4.26: Factor Importance Analysis

Factors	N	Mean	Std. Deviation	Mean
				Factor importance Analysis = Standard Deviation
Trade Openness/Transparency in Tanga LGAs	50	3.42	.859	3.981374
Political Interference	50	3.78	1.036	3.648649
Administrative Capacity to access revenue potential sources	50	3.56	.951	3.743428
Corruption/embezzlement of revenue	50	3.34	1.099	3.039126
External pressure/Optimism	50	3.62	1.086	3.333333
Unwillingness to pay tax by tax payers	50	3.96	.856	4.626168
Commitment of Employee in revenue collection	50	3.76	.894	4.205817
Effectiveness of the local government financial Act (CAP 209.RE.2002	50	2.88	1.239	2.324455
Effectiveness of Local government by laws	50	3.74	.986	3.793103

Source: Field Data (2014)

Table 4.26 above shows the factors importance that unwillingness to pay tax by tax payers was found to have 4.626 values, Commitment of Employee in revenue collection with 4.206 values, Trade Openness/Transparency in Tanga LGAs 3.981 values, Effectiveness of Local government by laws 3.793 values, Administrative Capacity to access revenue potential sources 3.743 values, Political Interference 3.649 values, External pressure/ Optimism 3.333 values, Corruption/embezzlement of revenue 3.039 values,

External pressure/ Optimism 3.333 values and effectiveness of the local government financial Act (CAP 209.RE.2002) 2.324 values. This information implies that unwillingness to pay tax by tax payers, Commitment of Employee in revenue collection, Trade Openness/Transparency in Tanga LGAs and Effectiveness of Local government by-laws are the factors that highly influence revenue collection in Tanga LGAs respectively.

4.3.3 The impacts of each factor on Revenue collection efficiency in Tanga LGAs

This objective was aimed at assessing the impact of each factor on revenue collection efficiency in Tanga LGAs. To address this objective Statistical analysis was applied in which data were analyzed through Partial correlation and Regression analysis.

Table 4.27: Descriptive statistics

Statistical Measures	Efficiency	Transparency	Political Interference	Administrative Capacity	Corruption	External Pressure	Unwilling to pay tax by tax payers	Employee Commitment	Effectiveness of LGA Fin Act	Effectiveness of by Laws
Mean	0.8203	3.4200	3.7800	3.5600	3.3400	3.6200	3.9600	3.7600	2.8800	3.7400
Standard Error	0.0287	0.1215	0.1465	0.1345	0.1555	0.1536	0.1211	0.1264	0.1753	0.1394
Standard Deviation	0.2031	0.8593	1.0359	0.9510	1.0994	1.0859	0.8562	0.8935	1.2395	0.9858
Kurtosis	-0.6045	0.2141	0.4705	-0.7864	-0.8504	0.2477	1.7534	0.867	-1.3447	0.9309
Skewness	-0.7039	-0.5459	-0.7987	-0.3272	-0.3419	-0.7701	-0.9378	-0.7493	-0.5673	-0.9093
Respondents	50	50	50	50	50	50	50	50	50	50

Source: Field Data (2014)

Table 4.27 above shows that the mean results for efficiency in Tanga LGAs was 0.8203, transparency was 3.4200, political Interference was 3.7800, administrative Capacity was 3.5600, corruption was 3.3400, external pressure was 3.6200, unwillingness to pay tax by tax payers was 3.9600, employee Commitment was 3.7600, effectiveness of Local government by laws was 2.8800 and effectiveness of Local government by laws was 3.7400. This information indicates that unwilling to pay tax by tax payers, political Interference, employee Commitment and effectiveness of Local government by-laws are the factors that have highest mean values than others. On the

other hand, the results on Standard Deviation show that transparency has Standard Deviation of 0.8593, political Interference has Standard Deviation of 1.0359, administrative Capacity has Standard Deviation of 0.9510, Corruption has Standard Deviation of 1.0994, external pressure has Standard Deviation of 1.0859, unwillingness to pay tax by tax payers has Standard Deviation of 0.8562, employee Commitment has Standard Deviation of 0.8935, effectiveness of Local government by-laws has Standard Deviation of 1.2395 and effectiveness of Local government by-laws has Standard Deviation of 0.9858.

Table 4.28: Partial Correlation

Correlation Efficiency		
Variables	Correlation	Significance level
Transparency	0.0055	0.0272
Political Interference	-0.0915	0.0564
Administrative capacity	0.0984	0.0535
Corruption	-0.7295	0.0853
External pressure	-0.0499	0.0754
Unwillingness to pay tax by tax payers	0.0505	0.0751
Employee commitment	0.0609	0.0701
Effectiveness of the local government financial Act (CAP 209.RE.2002	0.1587	0.0315
Effectiveness of Local government by laws	0.1649	0.0297

Source: Field Data (2014)

From the table 4.28 above, the Partial correlation analysis was aimed at finding correlation between two variables after removing the effects of other variables. From the findings Transparency has weak positive correlation of 0.0055 to the of Revenue collection efficiency, Political issues have negative correlation of -0.0915 to the of Revenue collection efficiency, Administrative efficiency has positive correlation of 0.0984 to the of Revenue collection efficiency, Rate of corruption has negative correlation of -0.7295 to the of Revenue collection efficiency, External pressure has negative correlation of -0.0499 to the of Revenue collection efficiency, Taxpayer willingness has positive correlation of 0.0505 to the of Revenue collection efficiency, Employees commitment has positive correlation of 0.0609 to the of Revenue collection efficiency, Enforcement of laws has strong positive correlation of 0.1649 to the of Revenue collection efficiency.

Table 4.29: Regression Results

Regression Statistics	
Multiple R	0.3308
R Square	0.1095
Adjusted R Square	-0.0909
Standard Error	0.2121
Observations	50

Source: Field Data (2014)

The data in table 4.29 above of the multiple regression statistics, shows the relationship between impacts of transparency, political interference, administrative capacity, corruption, external pressure, unwillingness to pay tax by tax payers, employee commitment, effectiveness of the local government financial act (CAP 209.RE.2002) and effectiveness of local government by-laws on revenue collection efficiency; the data shows that these factors contribute only 10.95% in revenue collection efficiency. Thus, in other words it can be said that these factors have been contributing revenue collection inefficiency by 80.15% that is there are 80.15% of other factors which contributes in revenue collection efficiency.

Table 4.30: ANOVA

ANOVA					
	Df	SS	MS	F	Significance F
Regression	9	0.221256	0.024584	0.546244	0.831686
Residual	40	1.800221	0.045006		
Total	49	2.021477			

Source: Field Data (2014)

Table 4.30 above shows that the factors had level of significance of 0.83 which signify the model is statistically insignificant in predicting how revenue collection efficiency is influenced by these factors. The research have shown that in order to raise the revenue collection efficiency in Tanga LGAs the issues of transparency, political interference, administrative capacity, corruption, external pressure, unwillingness to pay tax by tax payers, employee commitment, effectiveness of the local government financial act (CAP 209.RE.2002) and effectiveness of local government by-laws on revenue collection efficiency have to be dealt with. The results are justified by low multiple regression which indicates that these factors have been greatly contributing to

revenue collection inefficiency in Tanga LGAs and other factors from objective one are more powerful on influencing the revenues collection efficiency.

Table 4.31: Coefficients result

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	1.165885	0.233917	4.984188	1.25E-05	0.693122	1.638648	0.693122	1.638648
Transparency	-0.00157	0.044846	-0.0351	0.097217	-0.09221	0.089063	-0.09221	0.089063
Political Interference	-0.02517	0.043302	-0.58131	0.056429	-0.11269	0.062345	-0.11269	0.062345
Administrative Capacity	-0.02783	0.044496	-0.62555	0.053516	-0.11776	0.062095	-0.11776	0.062095
Corruption	-0.0066	0.035349	-0.18674	0.085281	-0.07804	0.064842	-0.07804	0.064842
External Pressure	-0.0112	0.03542	-0.31614	0.075353	-0.08279	0.060389	-0.08279	0.060389
Unwilling to pay tax by tax payers	-0.01873	0.058559	-0.31991	0.075070	-0.13708	0.099618	-0.13708	0.099618
Employee Commitment	-0.01704	0.044136	-0.38607	0.070148	-0.10624	0.072162	-0.10624	0.072162
Effectiveness of the local government financial Act (CAP 209.RE.2002)	-0.02694	0.026505	-1.0166	0.031545	-0.08051	0.026624	-0.08051	0.026624
Effectiveness of Local government by laws	0.03542	0.03349	1.057626	0.029657	-0.03227	0.103106	-0.03227	0.103106

Source: Field Data (2014)

From table 4.31 above the following equation is derived:

$$Y = -0.00157X_1 - 0.02517X_2 - 0.02783X_3 - 0.0066X_4 - 0.0112X_5 - 0.01873X_6 - 0.01704X_7 - 0.02694X_8 + 0.03542X_9 + 1.165885$$

Where, Y= Revenue collection Efficiency, X1= Transparency, X2= Political Interference, X3= Administrative Capacity, X4= Corruption, X5= External Pressure, X6= Unwilling to pay tax by tax payers, X7= Employee Commitment, X8= Effectiveness of the local government financial Act (CAP 209.RE.2002), X9= Effectiveness of Local government by laws

From Table 4.31 it has been discovered that transparency, political interference, administrative capacity, corruption, external pressure, unwillingness to pay tax by tax payers, employee commitment, effectiveness of the local government financial act (CAP 209.RE.2002) and effectiveness of local government by-laws on revenue collection efficiency are the factors that have high influence on revenue collection which signifies as these factors increase the rate of revenue collection efficiency decrease. The data shows that as one unit of corruption increases it causes the level of revenue collection efficiency to decrease by 0.0066 level, as one unit of employees commitment decrease it causes the level of revenue collection efficiency to decrease by -0.01704, as one unit of transparency decrease it causes the level of revenue collection

efficiency to decrease by -0.00157 level, and as one unit of political Interference increase it causes the level of revenue collection efficiency to decrease by -0.02517.

Likewise, as one unit of administrative capacity decrease it causes the level of revenue collection efficiency to decrease by -0.02783, as one unit of external pressure increase it causes the level of revenue collection efficiency to decrease by -0.0112, as one unit of unwillingness to pay tax by tax payers increase it causes the level of revenue collection efficiency to decrease by -0.01873, as one unit of effectiveness of the local government financial Act (CAP 209.RE.2002) decrease it causes the level of revenue collection efficiency to decrease by -0.02694. But as the effectiveness of Local government by laws increase by one unit it causes the revenue collection efficiency to increase by 0.03542. Also, as these factors remain constant the revenue collection efficiency increases by 1.165885 which signifies that these factors have very high influence on decreasing revenue collection efficiency.

CHAPTER FIVE

DISCUSSION OF THE FINDINGS

This study was aimed at assessing the efficiency of Revenue collection in Local Government Authorities, using Tanga Local Government Authorities as a case study.

The findings of the study show that mean technical efficiency results in Tanga LGAs from 2007/08 to 2012/13 were on average efficient. This indicates high ability of Tanga LGAs in the use of staff to produce output measured by revenue collection. The results of the study were consistent with the previous study by Kipesha (2012) who did a study on Efficiency of Microfinance Institutions in East Africa: A Data Envelopment Analysis: The findings of his study show that on average the banks and non-bank financial Institutions were more relatively efficient compared to NGOs and Cooperatives while the country efficiency averages show that, Kenya and Rwanda had higher average efficiency scores for three years under constant return to scale while Tanzania and Uganda have higher average efficiency scores under variable return to scale. Also, the results of this study were consistent with the previous studies by Ahn et al. (1988), Abbot et al (2003) and Joumady&Ris (2005) which all report high efficiency among the higher learning institutions.

Furthermore, in most specifications we find a strong positive relationship between openness and tax revenue performance (Drummond et al., 2012). However, this study has discovered that 17(34%) of the total respondents reported that trade openness/transparency is low in determining revenue collection in Tanga LGAs and 17(34%) of the total respondents reported that trade openness/transparency is moderate in determining revenue collection in Tanga LGAs. Also 36(72%) of the total respondents reported that political interference in revenue collection is high in Tanga LGAs. Also, it is clear that administrative capacity to access revenue potential is very crucial for effective revenue collection. But this study has found that more than half 26 (52%) of the total respondents reported that administrative capacity to access revenue potential sources is Low in Tanga LGAs. Moreover, it has been argued that whatever the governance model, it must be recognized that political commitment is of the utmost importance in establishing and sustaining a professional and effective revenue administration (International Tax Dialogue, 2010).This study has discovered that 16

(32%) of the total respondents reported that commitment of employees in revenue collection is low in Tanga LGAs and 12(24%) of the total respondents reported that commitment of employees in revenue collection is moderate in Tanga LGAs.

Bird et al. (2004) found that factors such as corruption, rule of law, entry regulations play key role in tax revenue determination. Gupta (2007) explains that corruption has a significantly negative effect on revenue performance. This study has found that nearly half 22(44%) of the total respondents reported that corruption/embezzlement of revenue is high in Tanga LGAs. Furthermore, 31(62%) of the total respondents reported that external pressure/ optimism is high in Tanga LGAs. Also, 38(76%) of the total respondents reported that unwillingness to pay tax by tax payers is high in Tanga LGAs. These have been contributing in reducing of efficiency and effectiveness of revenue collection in Tanga LGAs.

According to Local Government Financial Act (CAP 209.RE.2002) Part III (14) Every district council and every urban authority shall, subject to this Act, make or levy such rates as will ensure the raising of income from rates which, in combination with income from other sources of revenue, will be sufficient to provide for such part of the estimated total expenditure to be incurred by it during the period in respect of which the rate is made or levied as is to be met out of money raised by rates including in that expenditure any additional amount as is, in the opinion of the authority, required to cover expenditure previously incurred or to meet contingencies or to defray any expenditure which may fall to be defrayed before the date on which the money to be received in respect of the next subsequent rate will become available; except that an authority which submits for the necessary approval a proposal to make or levy a rate which complies with the requirements contained in this section shall be deemed to have complied therewith. But this study has discovered that 28(56%) of the total respondents reported that effectiveness of the local government financial Act (CAP 209.RE.2002) is low in Tanga LGAs. Also, this study has discovered that 15(30%) of the total respondents reported that effectiveness of local government by-laws is low in Tanga LGAs and 11(22%) of the total respondents reported that effectiveness of local government by laws is moderate in Tanga LGAs.

The findings of this study are somehow in the line with the findings of Fjeldstad and Moore (2009) who conducted a study on Revenue Authorities and Public Authority in Sub-Saharan Africa. Their findings revealed that close relationships between heads of Autonomous Revenue Authorities (ARAs) and heads of state have been used both to protect the tax collection process from the corrosive routine pressures of corruption and politicking, and to advance the immediate political interests of the head of state. In addition, the findings of this study are in coherence with the study conducted by Fjeldstad (2003) on New Challenges for Local Government Revenue enhancement. He discovered that one major administrative problem today for many types of council is their inability to collect fully the revenues due to them. In most council there are huge gaps between reported and projected revenues. Recent studies conclude that this is due to: (1) poor administrative capacity to assess the revenue base; (2) poor administrative capacity to enforce the taxes; (3) explicit and intentional tax evasion and resistance from taxpayers; (4) corruption, including embezzlement of revenues; (5) external pressure on the local finance department to provide optimistic projections; and (6) political pressure on the local tax administration to relax on revenue collection. In this setting, fundamental issues to be addressed in the context of local government fiscal reforms are to redesign the current revenue structure and to strengthen financial management. Moreover, measures are required to enhance taxpayers' compliance and to improve the accountability of tax collectors and councillors.

CHAPTER SIX

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

6.1 Introduction

The purpose of this chapter is to summarize the study and its findings presented and discussed in the previous chapters, provide conclusions and recommendations for measures to be taken and further research.

6.2 Summary

This study aimed at assessing the efficiency of revenue collection in Local Government Authorities, a case study of Tanga Local Government Authorities. The research questions were aimed at assessing the Revenue collection efficiency in Tanga LGAs, determining factors for revenue collection efficiency in Tanga LGAs and assessing the impacts of each factor on Revenue collection efficiency in Tanga LGAs.

In this study, data was collected from 9 Districts Councils and 50 respondents of Tanga Region through documentary review and questionnaire methods.

The findings of this study show that mean technical efficiency results in Tanga LGAs from 2007/08 to 2012/13 were on average efficient. Also, the findings indicated that 2011/2012 the values of pure technical efficiency for Pangani District Council, Kilindi District Council, Korogwe Town Council and Korogwe District Council were higher than values of scale efficiency. However, this study has discovered that 17 (34%) of the total respondents reported that trade openness/transparency is low in determining revenue collection in Tanga LGAs and 17(34%) of the total respondents reported that trade openness/transparency is moderate in determining revenue collection in Tanga LGA. Also 36(72%) of the total respondents reported that political interference in revenue collection is high in Tanga LGAs. But this study has found that more than half 26(52%) of the total respondents reported that administrative capacity to access revenue potential sources is Low in Tanga LGAs. This study has found that more nearly half 22(44%) of the total respondents reported that corruption/embezzlement of revenue is high in Tanga LGAs. Furthermore 31(62%) of the total respondents reported that external pressure/ optimistic is high in Tanga LGAs. Also 38(76%) of the total respondents reported that unwilling to pay tax by tax payers

is high in Tanga LGAs. These have been contributing in the reducing of efficiency and effectiveness of revenue collection in Tanga LGAs. Also, this study also has discovered that 15(30%) of the total respondents reported that effectiveness of local government by-laws is low in Tanga LGAs and 11(22%) of the total respondents reported that effectiveness of local government by laws is moderate in Tanga LGAs.

6.3 Conclusions

This study was aimed at assessing the efficiency of Revenue collection in Local Government Authorities, using Tanga Local Government Authorities as a case study. Thus, it can be concluded that mean technical efficiency results in Tanga LGAs from 2007/08 to 2012/13 were on average efficient. This indicates high ability of Tanga LGAs in the use of staff to produce output measured by revenue collection.

However this study has discovered that 17(34%) of the total respondents reported that trade openness/transparency is low in determining revenue collection in Tanga LGAs and 17(34%) of the total respondents reported that trade openness/transparency is moderate in determining revenue collection in Tanga LGA. Also, 36(72%) of the total respondents reported that political interference in revenue collection is high in Tanga LGAs. But this study has found that more than half 26(52%) of the total respondents reported that administrative capacity to access revenue potential sources is Low in Tanga LGAs. This study has found that nearly a half, 22(44%), of the total respondents reported that corruption/embezzlement of revenue is high in Tanga LGAs. Furthermore 31(62%) of the total respondents reported that external pressure/ optimism is high in Tanga LGAs. Also, 38(76%) of the total respondents reported that unwillingness to pay tax by tax payers is high in Tanga LGAs. These have been contributing in reducing efficiency and effectiveness of revenue collection in Tanga LGAs. Also, this study also has discovered that 15(30%) of the total respondents reported that effectiveness of local government by laws is low in Tanga LGAs and 11 (22%) of the total respondents reported that effectiveness of local government by laws is moderate in Tanga LGAs.

6.4 Recommendations

Recommendations of this study are based on the findings of the study. However, recommendations are divided into two parts. Firstly, recommendations for action to be taken so as to improve efficiency of revenue collection in LGAs, Secondly, the recommendations for further research.

6.4.1 Recommendations for actions

On the basis of the research findings, discussions and conclusions made in Chapter Four and Chapter Five, the research recommends the following:

- For efficiency and effectiveness of revenue collection in LGAs trade openness/transparency is very important.
- Also, Tanga LGAs have to increase administrative capacity to access revenue potential for effective revenue collection in the authorities concern
- Furthermore the issue of employee commitment in Tanga LGAs has to be taken into consideration for it is important in establishing and sustaining a professional and effective revenue administration
- Since corruption has a significantly negative effect on revenue collection, thus it is a duty of every one to fight against it so as to increase revenue collection efficiency
- All tax officials have to honour the local government financial Act (CAP 209.RE.2002) for effective revenue collection
- Since some of the people looking for possibility of evading taxes, LGAs should educate people about the importance of paying taxes, but this goes hand in hand with transparency in implementing socio-economic development of citizens.
- Also LGAs should improve their revenue collection by better allocation of inputs resources and reduce amount of waste, since most of inefficiency was found to be technical in nature.
- Political Interference on the local tax administration should be addressed by educating political leaders not to interfere fiscal issues rather than to strengthen financial management.

6.4.2 Recommendations on areas for further studies

The findings of this study show that mean technical efficiency results in Tanga LGAs from 2007/08 to 2012/13 were on average efficient. Also, the findings indicated that 2011/2012 the values of pure technical efficiency for Pangani District Council, Kilindi District Council, Korogwe Town Council and Korogwe District Council were higher than values of scale efficiency. However, this study has discovered that 17(34%) of the total respondents reported that trade openness/transparency is low in determining revenue collection in Tanga LGAs and 17(34%) of the total respondents reported that trade openness/transparency is moderate in determining revenue collection in Tanga LGA. Also 36(72%) of the total respondents reported that political interference in revenue collection is high in Tanga LGAs. But this study has found that more than half 26 (52%) of the total respondents reported that administrative capacity to access revenue potential sources is Low in Tanga LGAs. This study has found that more nearly half 22(44%) of the total respondents reported that corruption/embezzlement of revenue is high in Tanga LGAs. Furthermore, 31(62%) of the total respondents reported that external pressure/ optimism is high in Tanga LGAs. Also, 38(76%) of the total respondents reported that unwillingness to pay tax by tax payers is high in Tanga LGAs. These have been contributing in reducing efficiency and effectiveness of revenue collection in Tanga LGAs. Also, this study has discovered that 15(30%) of the total respondents reported that effectiveness of local government by laws is low in Tanga LGAs and 11(22%) of the total respondents reported that effectiveness of local government by laws is moderate in Tanga LGAs.

However, this study has focused only in Tanga Local Government Authorities therefore I recommend for further similar studies to be conducted in other Local Government Authorities in Tanzania in order to address the issue of revenue collection efficiency.

REFERENCES

- Abbot, M.&Doucouliagos, C. (2003). The efficiency of Australian universities: a data envelopment analysis. *Economics of Education Review*, Vol. 22 ,No 1, PP 89–97.
- Abedian, I and Biggs,M.(1998).*Economic globalisation and fiscal policy*.Cape –town. Oxford University Press
- Agyapong, M.F (2012). An Evaluation of effectiveness of Revenue Mobilization Strategies of Metropolitan, Municipal and district assemblies (MMDAS) in Ghana, a Case Study of Kumasi Metropolitan assembly (KMA), A thesis submitted to the institute of distance learning, Kwame Nkrumah University of Science and Technology, Kumasi.
- Ahmad, M., Bravo-Ureta, B.E. (1996), Technical efficiency measures for dairy farms using panel data: a comparison of alternative model specifications, *Journal of Productivity Analysis*, Vol 7, PP: 399-415
- Ahn, T et al (1988). Some statistical and DEA evaluations of relative efficiencies of public and private institutions of higher learning. *Socio-economic Planning Sciences*, Vol 22, No. 6, PP 259-269.
- Aizenman , J and Jinjark ,Y (2005). The collection efficiency of the value added tax: theory and international evidence, *JEL* No. F15, H21
- Alam, M. (2010). Municipal Infrastructure Financing: Innovative Practices From Developing Countries: Commonwealth Secretarial and structural equation modelling. Cary , NC: SAS Institute
- Balaguer-Coll, M.T., D et al (2002). Efficiency and quality in local government management: The case of Spanish local authority Universitat Autònoma de Barcelona,mimeo
- Brew ,LandWiah ,N.E. (2012). An Assessment of the Efficiency in the Collection of Value Added Tax Revenue in Tarkwa-Nsuaem Municipality (Ghana). *British Journal of Arts and Social Sciences*, Vol.6,N.2 PP 140 -150
- Brosio, G. (2000). *Decentralization in Africa*.Africa Department, International Monetary Fund. Washington DC.

- Business and Social Management Consultants Ltd (2012). The Study on Revenue Potential in Tanga city council, BSMCL, Morogoro
- Business and Social Management Consultants Ltd (2012).The Study on Revenue Potential in Tanga city council, Findings and Recommendations, a Final Report
- Cordato, E (1980).Austrian Theory of Efficiency. *Me Journal sfLiberrorion Studies*,Vol. 4, No. 4
- Dollery, B.E and Johnson, A.(2005) “Enhancing Efficiency in Australian Local Governement: An Evaluation of Alterenative Models of Municipal Governemence “ *Urban Policy and Research* , Vol 23. No.1.PP 73-86
- Drummond, P et al (2012). Mobilizing Revenue in Sub-Saharan Africa: Empirical Norms and Key Determinants, IMF Working Paper
- Fjeldstad, H.O (2003). New Challenges for Local Government Revenue Enhancement , *Research on poverty alleviation (REPOA)*
- Fjeldstad et al. (2009). Outsourcing revenue collection to private agents: experiences from local government authorities in Tanzania REPOA Special Paper No. 28-2009 (April) Dar es Salaam: Mkuni Na Nyota Publishers.
- Gomme, G.L., (1987) “Lectures on the principles of the local government”, delivered at London school of Economics, Lent term 1987, Westminster, whitall garden. PP 1-2
- Gupta, S.A (2007), “Determinants of Tax Revenue Efforts in Developing Countries” IMF Working Paper No.07/184 Washington, DC: The International Monetary Fund
- Hatcher, L.(1994). A step-by Step approach to using the SAS (R) System for analysis
- Hegarty , A and Maggi, R. (2009). Managing Development Resources. The Use of Country Systems in Public Financial Management, OECD publications
- Henning, C (2008) Criticisms of the Neo-Classical Development Model, ECON 4999

- Ijeoma, E, M (2010). The Impact of Poor Revenue Generation on the development of Local Government Areas: A Case study of Umuahia North Local Government, CaritasUniversity, Amorji-Nike, Enugu
- International Accounting Standard (2009).Revenue. EC staff consolidated version
- International Labour Office (2010) a skilled workforce for strong,sustainable and balanced growth ,Geneva.
- International Labour Organization (2010).A Skilled Workforce for Strong, Sustainable and Balanced Growth. ILO, Geneva
- International Tax Dialogue (2010). Revenue Administration in Sub -Saharan Africa, ITD Comparative Information Series No 1
- Joumady, O. &Ris, C. (2005). Performance in European Higher Education: A *Non – Parametric Production Frontier Approach. Education Economics*, Vol13, No2, PP 189-205.
- Kauzya, M.J (2007). Political Decentralization in Africa: Experiences of Uganda, Rwanda and South Africa. United Nations, New York.
- Kipsha, F.E (2012). Efficiency of Microfinance Institutions in East Africa: A Data Envelopment Analysis: *European Journal of Business and Management*. Vol 4, No.17, 2012, PP 77-88
- Kirzner, I.M(1963).Market theory and the price system. D.VanNostrand Company (Canada),LTD
- Kolin, H.T (1971). Micro-economic Analysis, Welfare and Efficiency in Private and Public Sectors, Harper and Row, New York
- Kombo, D. K. and Tromp, D. L. A. (2006)'. *Proposal and Thesis Writing: An Introduction*. Paulines Publications Africa, Nairobi
- Kothari, C. (2004). *Research Methodology*. New AgeInternational (P) Limited: NewDelhi
- Kotler, P. (2000). *Marketing Management: Millenium Tenth Edition*, Prentice-Hall
- Maliangkono T. L et al. (2009) *Why Pay Tax?*Dar es Salaam: TEMA Publishing Co. Ltd
- Meyer, J. (1978) Local government law -Volume 1- General principles. Durban, Butterworth

- Mubiru , A. (2010). Domestic Resource Mobilization across Africa: Trends, Challenges and Policy Options. African Development Bank
- Mugenda, O .M. and Mugenda, A.G (1999), Research Methods: Quantitative and Qualitative Approaches, African Centre Of Technology Studies, Nairobi
- Mugoya, P and Chikongoye , J. (2011). Revenue Potential Study for Masasi District Council.GIZ
- Mwajombe G.(2007) Factors hindering the effectiveness of staff training, A case of Tanzania Postal Bank,Unpublished MBA Dissertation on UDSM
- Mzenz, I. (2013). Revenue Mobilization Issues in the Tanzanian LGAs, CLKnet Policy Brief No 7
- National Audit Office (2010).*Financial reports for the years 2005/2006 to 2008/2009.* The United Republic of Tanzania
- Nijhof, W.J et al (1998). Employee commitment in changing organizations: an exploration. *Journal of European Industrial Training*, Vol. 22, PP: 243-248
- Olowu, D. (1988) African Local Governments as Instruments of Economic and Social Development, No. 1415, The Hague, International Union of Local Authorities, PP 10-17
- Robson W, (1937). *The development of Local Government.* London, G. Allen &Unwin. PP 750-575
- Romeo, A.A, (2013). Public Sector Efficiency:Evidence for Latin America António Inter-American Development Bank
- Santos, J. (1999). “Cronbach’s Alpha: A tool for Assessing the Reliability of Scales”. *Journal of extension*, Volume 37, No. 2, pp 1-4
- Saunders et al. (2003).Research Methods for business students. Edinburg: Person Education
- Sekaran, U. (1992). Research Methods for Managers: A skill building approach.John Wiley and Sons.Inc, 2nd edition
- The Local Government Finances ACT, 2002, The United Republic of Tanzania
- The Revolutionary Government of Zanzibar (2010). The Zanzibar Strategy for Growth and Reduction of Poverty: 2010-2015 (ZSGRP II) MKUZA II

Victorian Government, (2012).Local Government Performance Reporting Framework Directions Paper, Victorian Government.

Worthington, A (2001).An Empirical Survey of Frontier Efficiency Measurement Techniques in Education. Education Economics, Vol9, No.3, PP:245-268

APPENDICES

Appendix I: Questionnaire for respondents

The purpose of this questionnaire is to collect research data for the partial requirement for Master Degree in business Administration of the University of Mzumbe. The information provided will be confidential and you're thereby requested to cooperate in responding to the questions honestly. Topic: *Assessment of Revenue Collection Efficiency in Local Government Authorities: A case study of Tanga Local Government Authority*. Thank so much for taking time to complete this questionnaire.

Part I: Background information

1. Sex (tick only one)

Male [] Female []

2. What is your highest level of education? (Tick only one)

Advance level [] diploma [] Degree [] Master Degree [] other specify.....

3. Which district council are you working?

.....

4. What is your current designation?

.....

5. How long have you been in your revenue collection professional (tick only one)

0-5 years [] 5-10 years [] 10-15 [] 15-20 [] 20+ []

Part II: Factors that determines revenue collection efficiency in Tanga LGAs

In this part you have to tick (√) only one response which you think it fit against the factor. Where by:

1= Very low, 2= Low, 3= Moderate, 4= High and 5=Very high

SN	Description	Response				
		1	2	3	4	5
	Factors/Description					
1	Trade openness/ transparency in Tanga LGAs					
2	Political interference					
3	Administrative capacity to access revenue potential sources.					
4	Corruption/embezzlement of revenue					
5	External pressure/optimistic					
6	Unwillingness to pay tax by tax payers					
7	Commitment of employees in revenue collection					
8	Effectiveness of the local government financial Act (CAP 290.RE.2002)					
9	Effectiveness of local government by laws.					
10	Other factors (i) (ii) (iii) (iv)					

Appendix II: Evidence of Language Editing

Dept. of Languages and Communication Studies,
Mzumbe University,
P.O.Box 5,
Mzumbe, Morogoro,

10/8/2014.

To Supervisor and Board of Examiners
Mzumbe University,
P.O.Box 1,
Mzumbe, Morogoro.

EVIDENCE OF LANGUAGE EDITING

This is to provide evidence that I have read, proofread and edited the master's dissertation of **Mr. Ally Kiaze** entitled "*Assessment Of Revenue Collection Efficiency In Local Government Authorities: The Case Of Tanga Local Government Authorities*" in order to ensure language correctness before it is passed for award of Master of Business Administration (Corporate Management). In editing, I have addressed errors in spelling, tenses, flow of ideas, cohesion, coherence, consistency of arguments, and the general organisation of the dissertation. It is thus I declare henceforth with confidence that the candidate can submit the dissertation for further examination and determination for award of the said Master's degree as per the jurisdiction and discretion of the concerned Board of Examiners.

Sincerely Yours



Dominik T. Msabila
English Language Editor