REVENUE MANAGEMENT AND SERVICE DELIVERY IN LOCAL GOVERNMENTS IN UGANDA: A CASE OF KIRA DIVISION, WAKISO DISTRICT

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UGANDA MARTYRS UNIVERSITY

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A POSTGRADUATE DISSERTATION SUBMITTED TO THE FACULTY OF BUSINESS ADMINISTRATION AND MANAGEMENT IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF A MASTER'S DEGREE OF BUSINESS ADMINISTRATION

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DEDICATION

I dedicate this piece of work to my beloved late father, Mr. J.B Kajura; mother, Mrs. Vicky Kajura, husband, Mr. F.X. Katumba, children Janefrances Chelsea, Mariafrances and Victorsean, whose support and encouragement have been evident throughout the entire life.

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TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

ABBREVIATIONS

ACODE	:	Advocates Coalition for Development and Environment
BOU	:	Bank of Uganda
CAO	:	Chief Administrative Officer
GDP	:	Gross Domestic Product
IGAs	:	Income Generating Activities
LDCS	:	Less Developed Countries
LG	:	Local Government
LGA	:	Local Government Act
MFPED	:	Ministry of Finance, Planning and Economic Development
MoLG	:	Ministry of Local Government
SMEs	:	Small and Medium Enterprises
TPC	:	Technical Planning Committee
UBOS	:	Uganda Bureau of Statistics
ULGA	:	Uganda Local Governments Association
URA	:	Uganda Revenue Authority
WB	:	World Bank
MDGs	:	Millennium development goals

ABSTRACT

The study established the effect of revenue management and service delivery in Local Governments in Uganda using Kira Division as a case study. The study was guided by the ability to pay and Bowens benefit models. The following objectives guided the study; to examine the relationship between revenue mobilization and service delivery; examine the effect of revenue collection on service delivery; and establish the relationship between revenue administration and service delivery. A case study design was adopted by the study. Data was collected from 70 respondents using purposive sampling, census and simple random sampling. SPSS version 20 was applied to generate the results of the study objectives. Data sources included primary data and secondary data. Data was collected using self-administered questionnaires and in-depth interviews. The major findings of the study revealed that revenue mobilization significantly affected service delivery where revenue mobilization was a predictor of service delivery (r=.542**). The findings showed that revenue mobilization, collection and administration as dimensions of revenue management predicted the change in service delivery in the local government (Adj. R Squarer=32.1). In conclusion, revenue mobilization, collection and administration as dimensions of revenue management, determine service delivery in local government. The study recommends therefore, that management of local governments should make efforts to ensure that there is effective revenue mobilization, collection and administration so as to promote service delivery. The stakeholders in the local government sector should develop strategies in line with the study variable relationships to enhance public service delivery in local governments.

CHAPTER ONE

GENERAL INTRODUCTION

1.0 Introduction

Every government or administrative body of a nation or community needs financing in order to execute its roles successfully and carry out its responsibilities. The ability to do this however, depends on the revenue sources from which it derives the revenue. The sources and adequacy of local government revenue therefore, determine the quality of services delivery. The research aimed at examining the effect of revenue management on service delivery. This chapter presents the background to the study, problem statement, general objectives, research questions, scope of the study, justification of the study, significance of the study and the conceptual framework of the study.

1.1 Background to the Study

In most countries, the current level of government services and provision of additional services can only be affordable if the effectiveness and efficiency of the local government administration is continuously improved. Increasing attention is therefore paid to concepts like value for money, accountability and openness and it is crucial that the revenue management systems is improved, so more services can be provided for the same money (Ahsan, 2005). Seibel and Almeyda (2005) are of the view that programmes of local government administration have to be launched and supplementary initiatives taken to improve revenue management in general and productivity and effectiveness in particular. Revenue management entails the processes and actions by which political and administrative leaders assure that resources are available and used effectively and efficiently in the accomplishment of the organization's objectives (Seibel and Almeyda, 2005).

The principal components of local government revenue management are book keeping, accounting, controlling and auditing, but budget preparation and implementation, financial planning, expenditure management and development of good information systems are, however, also important for the improvement of the revenue management in a broader definition (Ahsan, 2005).

Further, the prevailing approach to revenue management often gives a risk that revenue management and the financial department become isolated in the organisation and diverges from the process of service production and the overall management of division affairs (Yilmaz, et. al., 2008). To prevent this risk experiences show that the overall process of revenue management should be broadened and also focus on management of results and management of the organisational capacity. The improvement of local government revenue management systems in the local governments should start with a review of the existing systems, processes, the organisation and the legislative framework (Martinez-Vázques and Smoke, 2010b). The review should include international benchmarks as background for the assessments. The local government revenue management systems can be improved by concrete projects e.g. in budgeting, accounting, revenue management and enhancement, contracting out, improved audit systems (Ahwoi, 2010). Projects can include elaboration of handbooks and manuals for the staff in the financial departments and for politicians. It is also important to move towards an output based system, thus, introduction of performance budgeting and auditing to ensure that as much service as possible is provided for the available finance (Yilmaz, et. al., 2008).

These services have a direct and immediate effect on the quality of the lives of the people in that community. Poor services can also make it difficult to attract business or industry to an area and will limit job opportunities for residents. Bird (2010) observed that the lack of delivery of sustainable services can be attributed to lack of clarification of roles and responsibilities of stakeholders, lack of guidelines on municipal infrastructure and services support, lack of organisational capacity of municipalities especially in specialist fields, and lack of clear common principles on sustainable service delivery (Ahwoi, 2010). Revenue management concept integrates the financial management system, document management system, geographical information system, customer relations management system, performance management system and revenue management system. This in a nutshell ensures that accurate, valid and complete basic services information is kept together with the narration of geographical points (Ahsan, 2005). From that information, accurate, complete and valid bills are generated and sent out to consumers. Payments are recorded when received and consumer complaints/faults are all logged and timorously actioned.

Adequate local revenues are critical in ensuring the viability and sustainability of local authorities and the quality of services they provide. In Uganda, local authorities account for a significant share of government spending, and therefore are expected to play a fundamental role in the implementation of national growth and poverty reduction strategies. The effectiveness of local government authorities' service provision relies on the adequacy and buoyancy of local revenues, which support sustainable operations and maintenance of local infrastructure and also help to finance staff salaries, councilors' emoluments and other administration expenses (Ahwoi, 2010). Therefore, local revenues can help to reduce budget reliance on external sources. As a result local government authorities are expected to rise own revenues to supplement the dwindling subvention from the central government. For decades, decentralization has been pursued with the aim of bringing governance and development decision-making closer to the ordinary citizen at the sub-national level (Yilmaz, et. al., 2008). The devolution of power, authority and resources to sub-national entities is intended to make governance more responsive to the needs of the people and governments more accountable to the local people (Ahwoi, 2010).

Yilmaz, et. al., (2008) observed that the ability of local governments to effectively carry out their functions is largely dependent on the degree of fiscal or financial decentralization. In view of this, developmental task of the district authorities and its concomitant financial demand, central governments in most countries continue to transfer financial resources to them to enable them discharge their duties. In addition to the central government transfers, the district authorities have also been given the legal mandate to mobilize revenue within their localities to improve service delivery (Local Government Act, 2007). In Uganda, decentralization policy was adopted in 1992 with an aim to improve service delivery and bring services nearer to the people. However, although decentralization has been pursued over the last two decades, there is widespread consensus that Local Governments' revenue base has diminished substantially, rendering them heavily dependent on Central Government disbursements, through conditional and unconditional grants making improved service delivery rather a dream (ACODE, 2010).

The decentralization policy and Local Government Act of Uganda present sources of revenue to Local Governments including; ceded revenue, internally generated fund through local taxation, loans, permits, and from other sources like sale of land. Bird (2010) observed that, a sound revenue system for Local Governments is an essential pre-condition for the success of fiscal decentralization and improved service delivery (Martinez-Vázques & Smoke, 2010b). According to Shah (1998), local revenue mobilization has the potential to foster political and administrative accountability by Local Governments. As a result, policy reforms and measures to restructure the public administration system targeted at the creation of political, economic, social, spatial territorial and environmental balance for sustainable growth with development have to be introduced (Badu, 2007) to enable Local Government finance their development programmes with revenue generated in their area of jurisdiction. According to Uganda Revenue Authority (2009), Uganda tax system has been under revision since the beginning of 1990, due to poor domestic revenue collection, mobilization and management.

Among the tax reforms are; establishment of the Uganda Revenue Authority, restructuring of the tax system, recruitment and training of new personnel as well as improved remuneration for staff, establishment of the Income Tax Act 1997, introduction of VAT. The success of these reforms was realized between 1992 and 1997 when Gross Domestic Product grew at an average of 7% to more than 10% annually. Article 191(1) of the Constitution of Uganda empowers Local Governments in Uganda to levy charges and collect fees and taxes in accordance with any laws enacted by parliament in their respective areas of jurisdiction. The fees and taxes to be levied, charged and collected as provided under section 80(3) of Local G overnment Act Cap 243 include rent, rates, royalties, local service tax, local government hotel taxes, cess on produce, fees on registration and licensing and any other that parliament may prescribe. The entire spectrum of revenues that local governments can collect is provided in the fifth schedule of the local governments (Local Government Act, 1997).

1.1.1 Background to Case Study

Kira Division is located within Wakiso District in Central Uganda, in Buganda Region. The Division is proximate to Kampala on the eastern side (Ministry of Local Government, 2012). Kira division is dominantly a residential area with a large proportion of people residing there but commutes to work in Kampala where they are employed. The Division is made up of six wards; Kira, Kimwanyi, Kyaliwajala, Kireka, Kirinya and Bweyogerere. Kireka and Bweyogerere are fast growing townships in the Division probably because of their location along the Kampala-

Jinja highway (Wakiso District Annual Report, 2014). Kira Division has some peculiar characteristics that make it special in contemporary Uganda. However, the Division faces many challenges in meeting the needs of its citizens which is largely attributed to meager revenue base and ineffective management. This has made the Division heavily dependent on central government transfers and donations which account for over 81.5% of the total revenue. In an effort to enhance revenue mobilisation and management and service delivery, Kira Division came up with the revenue enhancement plan (Ministry of Local Government, 2014). However, this has not yielded much as there is limited evidence to show that it has led to improvement in service delivery. The study therefore, examined the relationship between revenue management and service delivery in rural Local Governments in Uganda with particularity to Kira Division. Through evaluating the strength and weaknesses of the existing revenue management strategies, the study identified possible mechanisms for enhancing revenue mobilization and management in Kira Division.

1.2 Problem Statement

Increasing demands imposed on Local Governments (LGs) by citizens has increased the desire of LGs to mobilize more revenues to be able to meet the cost of providing those needs. Resources mobilized through voluntary contributions, local taxes and user charges are all mechanisms to achieve this objective. The challenge that most LGs in developing countries encounter is the small size of local revenue bases. Consequently, local governments have been compelled to formulate revenue mobilization, administration and management reforms including; introduction of property tax, registration, licensing, land fees, building plan fees, income tax among others, driven by the need to improve operational efficiency and effectiveness in a bid to widen the revenue base and increase revenue collection and service delivery. This has been supplemented by conditional and unconditional grants and donations from Central Government and CSOs (URA, 2009, MoFPED, 2012). However, despite all these, Local Governments are still crumbling with poor service delivery looking at the current revenue loss through improper management and filling of revenue returns reported every month and increased dependency on Central Government and donations. This is partly attributed to underlying impediments inherent in the revenue collection, management and administration as well as several social and economic problems that surround their efficient operation. Improved service delivery through enhanced revenue collection, management and administration therefore, remains a critical area that requires urgent examination by both the Central and Local Governments. The study therefore, sought to examine the relationship between revenue management and service delivery in rural Local Governments in Uganda with particular emphasis to Kira Division.

1.3 Major Objective

The study examined the effect of revenue management on service delivery in Local Governments using Kira Division as a case study.

1.4 Specific Objectives

i) To examine the relationship between revenue mobilization and service delivery in Kira Division.

ii) To examine the effect of revenue collection on service delivery in Kira Division.

iii) To establish the relationship between revenue administration and service delivery in Kira Division.

1.5 Research questions

i) What is the relationship between revenue mobilization and service delivery in Kira Division?

ii) What is the effect of revenue collection on service delivery in Kira Division?

iii) What is the relationship between revenue administration and service delivery in Kira Division?

1.6 Scope of the Study

1.6.1 Geographical Scope

The study was conducted in Kira Division in Wakiso District in Central Uganda in Buganda Region. The Division is made up of six wards; Kira, Kimwanyi, Kyaliwajala, Kireka, Kirinya and Bweyogerere. Kireka and Bweyogerere are fast growing townships in the Division (Wakiso District Annual Report, 2014).

1.6.2 Content Scope

The study focused on the effect of revenue management on service delivery in Kira Division with emphasis on examining the relationships between revenue mobilization, revenue collection, revenue administration and service delivery. Revenue management was the independent variable and service delivery was the dependent variable for the study.

1.6.3 Time Scope

The study covered a period of three years (2012-2015) through comparing revenue collection and management and service delivery. According to available data, between 2012 and 2015, Kira Division's revenues continued to decline which contributed to the decline in service delivery. According to the Ministry of Local Government Report (2015), local governments continued to experience challenges in revenue management resulting into poor service delivery of public services. The report further showed that during this same period, several local governments failed to meet projected revenue collections which undermined their ability to deliver public services.

1.7 Significance of the Study

i) The study may be helpful to local governments in Uganda, to establish and address the revenue management gaps at the different levels so as to promote and enhance service delivery of public services in the Division.

ii) The study may also contribute to the already existing body of knowledge about revenue management and service delivery as well as offer practical hints on how to enhance revenue management so as to ensure efficient service delivery to the public and overall Division performance.

iii) To the policy makers, the results of the study may help policy makers in the local government sector to identify the gaps in revenue management and provide the required revenue management training for practitioners in the local government sector so as to harness the skills of their staff and ensure excellent and consistent service delivery.

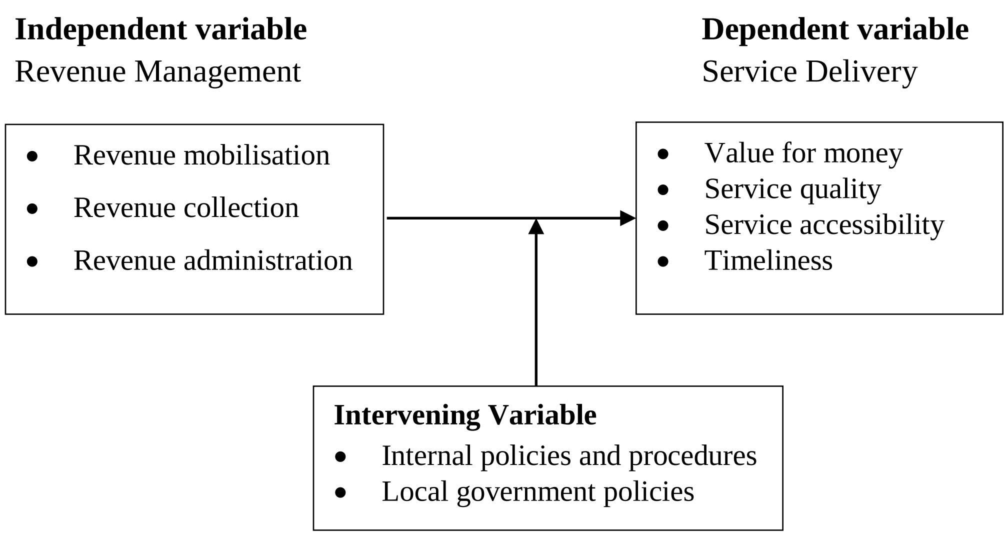
1.8 Justification of the Study

The rising significance of revenue management in local governments is partly a result of the ever changing internal and external environment in which local governments operate. This is because ironically, revenue management generates sustainability of local governments by being the glue that holds the organizations together (Bird, 2010). The study was justified in that the revenue management was used by Kira Division as a strategy of enhancing the local government's service delivery. As a result of the declining service delivery effectiveness and efficiency, this has forced the management of the Division to review the current revenue management procedures. From the existing literature (Bird, 2010, Martinez-Vázques and Smoke, 2010a, Olowu and Wunsch, 2003), lot of research has been carried out on revenue management in public organisations, however, no studies have been carried out to investigate the effect of revenue management on service delivery in local governments. Therefore, providing a research gap which the study filled by undertaking a study on the effect of revenue management on service delivery in Kira Division.

1.9 Conceptual Framework

The framework shows the relationship between independent variable and dependent variable. According to Mugenda and Mugenda (1999), an independent variable is a variable that has an influence on the dependent variable. When the independent variable is present, the dependent variable is also present and with each unit of increase in the independent variable, there is an increase or decrease on the dependent variable as well. In other words, the variance in the dependent variable is accounted for by the independent variable. Revenue management is principal in promoting service delivery to the extent that infrastructure, education, access to safe water and access to health services are achieved. According to Martinez-Vázques and Smoke (2010a), revenue management has a significant relationship to service delivery.

Figure 1.1: Conceptual Framework of the Study



Source: Developed from the literature review of Ahsan, 2005, Seibel and Almeyda, 2005; Akanji, 2005

After conducting wide literature review, the theoretical framework was designed. The presented conceptual framework explains the interface between the independent variable and the dependent variable and the expected out come. The model shown in the figure above examines the relationship between revenue management and service delivery. Revenue management plays a big role in enhancing service delivery in such a way that, value for money, service quality, service accessibility and timeliness are attained as Martinez-Vázques and Smoke (2010a) assert. According to ; Akanji (2005), revenue management is positively related to service delivery in the public sector. The same was observed by Ahsan (2005) for the relationship between service quality and service delivery positing that through revenue mobilization, revenue collection, revenue administration this would promote favorable service delivery.

Revenue management was measured by revenue mobilization, revenue collection and revenue administration whereas service delivery was conceptualized according to value for money, service quality, service accessibility and timeliness. According to the model, revenue mobilization determines service delivery in that this resulted into value for money, service quality, service accessibility and timeliness. Similarly, when local governments adequately collected revenue, this influences their ability to deliver public services. On the other hand, revenue administration was important in determining public service delivery in local governments. Therefore, the study attempted to establish how the identified revenue management dimensions affect public service delivery in local governments with government policies as the moderating factor which comprised of internal policies and procedures and local government policies.

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1.10 Definition of Key Concepts

Service delivery refers to an organized system of labour and material aids used to supply the needs of the public.

Revenue collection refers to the income of a government from taxation, excise duties, customs, or other sources, appropriated to the payment of the public expenses.

Revenue mobilization is the act of marshaling, assembling, and organizing financial contributions from all incomes accruing from identifiable sources in an economic setting.

Revenue management is the application of disciplined analytics that predict consumer behavior at the micro-market level and optimize product availability and price to maximize revenue growth.

Revenue: The term ‘revenue’ generally denotes all incomes from taxes, fees (charges), fines, loans which local authorities mobilize from within and outside their own jurisdictional arenas. Local authority collection systems vary depending on the size of jurisdiction, the payment methods allowed and the nature of revenues received (Larson, 2004).

1.11 Conclusion

This chapter presents the introduction of the study, which includes the background to the study, problems statement, objectives, scope of the study and significant of the study which led to chapter two of the study literature review on revenue management and service delivery.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

Under this chapter, a review of literature on revenue management, service delivery and the relationships between revenue mobilization, revenue collection, revenue administration and service delivery. The purpose of this study was to identify and fill the knowledge gaps and to also get foundational knowledge on the subject. This chapter is comprised of a theoretical review of the theories that underpin this research and review of the existing literature in relation to the different dimensions of revenue management and service delivery.

2.1 Theoretical review

This mainly discusses the various theories about taxation that the researcher deemed relevant to the study under research. These include; the Ability to pay and Bowen's Benefit Models, which are discussed as below,

2.1.1 Ability-To-Pay Model

According to this theory, tax liability in its true form is a compulsory and an unconditional payment to the state. The theory posits that there is no commercial or semi-commercial relationship between the state and the citizens. A citizen is to pay taxes just because he or she can and his or her relative share in the total tax burden is to be determined by the relative paying capacity. This doctrine has been in vogue for at least as long as the benefits theory. The basic tenet of this theory is that the burden of taxation should be shared by the members of society on the principles of justice and equity and that these principles necessitate that the tax burden is apportioned according to their relative ability to pay (Chigbu, Eze and Ebimobowei, 2012).

This model perceives taxation as an independent of expenditures and each taxpayer contributes in line with what he or she can pay. This has a redistribution effect. According to the theory, taxes are based on taxpayers' ability to pay; there is no quid-pro-quo. Taxes paid are seen as a sacrifice by taxpayers, which raise the issues of what the sacrifice of each taxpayer should be and how it should be measured. The choice of the taxes to be laid and rates at which they are to be applied expresses a preference for one set of economic effects, and hence of social consequences. Therefore, the preference of the citizens to pay taxes depends on the social consequence in this case service delivery.

2.1.2 Bowen's Benefit Model

According to Benefit Theory, the state should levy taxes on individuals according to the benefit conferred on them. The more benefits a person reaps from the activities of the state, the more the tax the person should pay to the government. This principle has been criticized because, first, if the state maintains a certain connection between the benefits conferred and the benefits derived, it will be against the basic principle of the tax. A tax is basically a compulsory contribution made to the public authorities to meet the expenses of the government and the provisions of general benefit to all citizens (Dodge, 2005). The Benefit theory underscores that taxation depends on the expenditure policy of government. Therefore, people will be unwilling to honor their tax obligations if they do not benefit from the existing tax system in terms of service delivery. People rationally expect to benefit from payments that they make. This theory can also be applied to "private goods that are publicly provided". However, benefits are often not measurable at the individual level and in other cases; non-beneficiaries cannot be separated from beneficiaries.

Bowen's model demonstrates that when social goods are produced under conditions of increasing costs, the opportunity cost of private goods is foregone. For example, if there is one social good and two taxpayers (A and B), their demand for social goods are represented by A and B; therefore, A+B is the total demand for social goods. The supply curve is shown by A+B, indicating that goods are produced under conditions of increasing cost. The production cost of social goods is the value of foregone private goods; this means that A+B is also the demand curve of private goods. The intersection of the cost and demand curves at B determines how a given national income should (according to taxpayers' desires) be divided between social and private goods; hence, there should be OE social goods and EX private goods. Simultaneously, the tax shares of A and B are determined by their individual demand schedules. The total tax requirement is the area (ABEO) out of which A is willing to pay GCEO and B is willing to pay FDEO. The advantage of the benefit theory is the direct correlation between revenue and expenditure in a budget in this case in terms of service delivery.

The Ability-to-pay taxation is a progressive taxation principle that maintains that taxes should be levied according a taxpayer's ability to pay. This progressive taxation approach places an increased tax burden on individuals, companies, corporations, and certain estates with higher incomes. The theory is that individuals who earn more money can afford to pay more in taxes. Ability-to-pay taxation requires higher-earning individuals to pay a greater percentage of their income towards taxes, compared to individuals with lower incomes. The tax rate increases as a percentage along with income. Advocates of ability-to-pay taxation argue that it allows the people with the most resources the chance to pool together to fund services all people and businesses rely on, either indirectly or directly. Additionally, using ability-to-pay taxation has the potential to increase a government's revenues. Arguably, if a government uses a flat tax instead of the ability-to-pay taxation, it has to use relatively low tax rates to accommodate the low-wage earners. If it applies those same rates to everyone, it loses revenue compared to taxing higher wage earners at a higher rate. Additionally, as low-wage earners are more likely to spend all of their money, allowing them to keep a larger percentage of it helps to stimulate the economy. Much as the model has been criticized for some of its disadvantages, in the situation of Kira Division is more applicable in such a way that it promotes revenue management regard to revenue mobilization through taxation, collection and administration which in turn used to deliver public services such as water, electricity, roads, health services among others. For these reasons, the ability to pay model underpinned the study.

2.2 Revenue Management

Revenue management is one of the most important functions of governments. Revenue management is the process of being accountable for the revenues that each entity is responsible for collecting. The primary revenue sources of the state are taxes, federal financial assistance, licenses, fees and permits, interest and investment income, lottery proceeds and others. Taxes historically make up about half of state revenues (Shah, 1998). The type of revenue affects the processes and controls needed to manage it. For example, license fees require inventory controls over the actual license documents in order to ensure that fees are collected for all licenses issued. On the other hand, taxes and federal revenues do not require any inventory controls. The amount of revenue is also important in determining the process to manage collections. It is important that the process does not cost more than the revenues managed. There could also be large amounts of cash receipts that do not represent revenue to the entity, such as taxes collected for and distributed to local governments (Oates, 1998). The principles of revenue management should also apply to these receipts.

2.3 Service Delivery

Service delivery is the government's key task. Government exists among other reasons because it is the only structure that can properly provide the guidance of certain critical services such as public order, safety, infrastructure, management and maintenance of public roads and so forth. The requirement and concern for such provisions gives legitimacy to government activities. It is laid down in constitutions and international treaties that government is responsible for basic services in many social areas including education and schooling, social security and basic provisions, legal protection and housing for the less advantaged (Ashe, 1997). The government must provide citizens with guarantees on the continuity of service delivery: equal access to all irrespective of social and cultural background, and affordable prices. This has consequences for executive organizations. Transparency, efficiency, general accessibility and such like influence the quality of the package of products which the government delivers in it services to citizens (Hulme, 1999).

Service delivery is part of a complex of relations between citizens and government. Service delivery involves a series of products and services of a varying nature. With service delivery the customer comes first (Allison, 2010). The setup of the organization and the basic attitude of employees take form according to the principles of customer logic. This is difficult for a government, as this is something that they are often not used to. Citizen satisfaction is crucial here. This naturally does not stand alone but is part of a broader whole that defines the relationship between state and society. Citizen satisfaction in the interplay between government and citizens is the determining factor for government acceptance. Trust is a key element in the relationship between voters and elected representatives and forms part of the representative legitimacy, part of the political system. If one desires a solid basis for making and enforcing rules for citizens and society, trust is essential. The power of the sword – action by army, police and justice and religious foundations are at present no longer sufficient for a large proportion of citizens and authorities to serve as basis for government action. Trust needs to be earned through transparent decision making, through effective and efficient action by the government and a clear role for the elected representatives. This is the essence of a living democracy.

Also for the still occasionally necessary use of military power, trust is also critically necessary. Guarding the quality of the local democratic process has far-reaching effects. Trust is the first responsibility of the political administration. It must constantly strive to gain trust, to maintain a sustainable position of the government as carrier of public authority. The key task of political administrators is to reproduce this legitimacy. The aim in elections is to achieve an election mandate for the making of statutory rules, to take measures, to collect tax from citizens and to provide services that are of a valid public nature. These services might include legitimizing identity papers, providing permits after a careful weighing of interests, maintaining the public road network, etc. Reliability is another key element in the relationship between the government as organization and society in all its forms - individual citizens, companies, civil society organizations and so forth.

Service delivery is an essential function in the relation between government bodies and citizens. Over the past ten years the realization that citizens are customers has become increasingly important to the way governments think and act. It is good that in the world of government, and in particular, in the world of local government1, we look at ourselves in a more critical way. Customers have a right to demand services from their suppliers that meet their needs: fast, accessible, of good quality and at modest cost, and all wrapped in friendly treatment. This applies particularly to the government as a supplier of key public services. The fact that the government is a monopolist in products that are often either not or hardly wanted, gives the government's relationship with its clients a double loading, and in fact mandates extra effort. Good quality and affordable service delivery is also a condition for the good image of government. The meaning of good service delivery for the image that citizens have of the government is not always valued fairly.

Service delivery is not an isolated something, but is part of a complex relation between government, society and citizens. To some it is seen as a many-headed monster. It shows that one person, one company are both customer and subject. Making services accessible to the poor is integral to the effort to achieve the MDGs. Basic government services allow people to be productive members of society; therefore, the provision of fundamentals like agricultural support and irrigation, roads, health, and primary education are essential for accelerating attainment of the MDGs. For citizens that face adversity, the provision of social protection is particularly important. Government services in the fields of economic development and culture, for instance, are also deemed to be 'public goods' that bring benefits to individuals and communities. Substantial improvements in the provision of public services are key to achieving most of the MDGs. Effective delivery is situation specific and requires tailored delivery arrangements that fuse the efforts of state and non-state actors. Additionally, effective delivery requires good governance and performance management, so that funds are directed quickly to the most urgent needs, and incentives enable service providers to make good use of available resources.

The national government is not the sole actor in public service delivery. The private sector, communities and civil society should all play important roles in shaping demand, developing state policies, and delivering services. The relationship amongst these actors shifts as the state consolidates or weakens, democracy finds roots, and citizens become more assertive. In recent decades, national governments have increasingly shared the responsibility for service provision with the local governments, in a variety of intergovernmental public arrangements that aim to increase the accountability and responsiveness of service delivery. In a developing country context, governments have experimented with different forms of decentralization to bring service delivery closer to the people. They have been assisted by a variety of development partners, including the main multilateral and bilateral agencies. Some decentralization reforms include approaches that increase the supply and quality of local government services, while others stimulate the demand for and community oversight of local government services. Several of these reforms are proving promising.

Around the world, developing and developed countries alike have observed that decentralized service delivery can result in quicker gains than with centralized systems. It is important to note that the national governments have several options in this regard. In many countries, central government ministries responsible for service delivery have created field offices and delegated more decisions and resources to their local staff a process referred to as deconcentration. In principle, a well-deconcentrated government system is able to increase the total amount of resources available for pro-poor public services and can allocate these resources across the national stage in accordance with where local needs are greatest. Yet while deconcentrated units are potentially able to adopt more efficient management practices and link more closely with local stakeholders, they are unable to achieve the same degree of responsiveness and downward accountability that is possible in a public sector where public services are delivered by elected local governments.

2.4 Revenue Mobilization and Service Delivery

Revenue mobilization is defined as an intensified effort to generate funds from various sources such as property enumeration and tax assessment in accordance with financial policies and procedures of the organization, (Harold, 1969). Such resource mobilisation can come from both the public sector and the private sector. The public sector does this through taxation and other forms of public revenue generation. Resource mobilization from taxation is potentially the biggest source of long term financing for sustainable development and is the lifeblood of all state services which include the provision of public services such as healthcare, education and infrastructure. Domestic revenue mobilization can help strengthen fiscal institutions because stable and predictable revenue facilitates medium-term fiscal planning, which can help ensure that resources are allocated to priority sectors and that these allocations are effectively translated into outcomes. A sound revenue system for local governments is an essential pre-condition for the success of fiscal decentralization, (Olowu and Wunsch, 2003).

In addition to raising revenues, local revenue mobilization has the potential to foster political and administrative accountability by empowering communities (Shah 1998; Oates, 1998). However, prescriptions deriving from the theory and from good international practice impose huge constraints on the choice of revenue instruments for local governments. In general, there are two main categories of current revenue for local authorities in Africa: ‘own revenue’, which includes taxes, user fees, and various licences, and transfers from the central or regional levels, usually in the form of grants and revenue sharing, (Bahl, *et al.,* 2003). This section briefly reviews some general principles for revenue assignment between different levels of government, and discusses challenges to securing fiscal responsibility at sub-national levels with respect to transfer systems and borrowing. Specifically, local governments have adopted quality programs as a reaction to a changing and challenging competitive environment. Simply reacting to public demands or competitive threats fails to link quality to strategy and leave the institutions without firm foundations on which to build a quality culture (Odhiambo and Kamau, 2003). For some local governments, they have fallen into the trap of believing that a quality program is the panacea to all their competitive dilemmas. Therefore, the officers at these institutions are attracted to the diverse and numerous benefits associated with outstanding quality. They adopt the quality program "*de jeur*" without realizing that success depends on first establishing a quality infrastructure. Failing to build a bridge over the "quality chasm" ensures that great effort is expended without a realistic possibility of achieving the goal of world-class quality.

Revenue mobilization is based on identification of the tax base. A coverage ratio of the local revenue, the extent to which the tax objects are captured on the tax rolls needs to be determined and monitored. In some cases, the information on property or businesses is non-existent, incomplete, outdated and/or uncoordinated. Since many cities/towns have informal markets and unregistered businesses, data on these operations is limited or non-existent. Elsewhere, municipal registers of small, local businesses have inadequate or outdated information. Larger or transnational businesses that also operate in a locality may have their information stored in other registers at national level. In some municipalities, property tax registers must be created for the first time. In others, valuation rolls for property tax purposes might have been completed some years ago. Slums and informal property deserve special attention in many cities and different countries. There is a need, therefore, to update and adjust the basic information and valuations regularly. Supplementary valuation rolls are needed, for example, to incorporate new housing developments into the tax net. Tax base broadening is key and this, combined with the introduction of VAT, allows for lower tax rates, which is not against DRM - the total revenue collected may increase as a result. Higher duties especially on luxuries are useful. As redistribution and progressivity are vital, one needs to think broadly when designing tax systems.

Revenue mobilization at the local government level is a function of a myriad of factors, some of which are outside the range of control of local government units (LGUs). Given the level of LGU tax administration capability, policy makers can essentially work with two variables, namely the tax base and the tax rate (t), to influence the amount of revenue they collect. Overall the tax base is determined by changes in the level of economic activity which may conceptually be divided into changes in population, incomes and prices. These factors are largely outside the influence of local governments. At the same time, the tax base is also determined by the relation between the economic base and the statutory tax base. LGUs are able to exert some control on their tax base to the extent that they are able to select the appropriate mix of taxes, i.e., one that optimizes the potential revenue from the economic base at their disposal. Even here, their flexibility may be impaired by central government limitations on the kind of taxes they may impose. Similarly, the statutory tax rate is usually set by the local government units (LGUs) themselves within the parameters established by the central government. Needless to say, the success of LGU officials in using these tax handles to increase local revenue is dependent on LGU tax administration practices which determine the collection rate, i.e., the proportion of the actual tax collection to the legal tax liability. However, tax collection efficiency may likewise be influenced by the level and structure of intergovernmental transfers.

To a large extent, various types of taxes are assigned exclusively to different levels of governments. However, there are instances where different levels of governments are empowered to impose the same type of tax. The central government levies and collects most of the more revenue productive type of taxes. Tariffs on imports, the value added tax (VAT), tax on incomes of individuals and corporations, excise taxes on alcoholic, tobacco and petroleum products, taxes on the gross receipt, of transportation contractors and common carriers, taxes on estates, inheritance, and gifts, and the documentary stamp tax are absolutely restricted for central government use. In addition, the central government also imposes taxes like the franchise tax that LGUs may themselves levy. On the other hand, the bulk of local government taxes are derived from the real property tax (RPT) and the local business tax (LBT) although there is a plethora of other taxes and fees that LGUs are authorized to levy. The base of each of these taxes is defined by central legislation which also sets limits (floors and/or ceilings) on the tax rates that LGUs may impose.

It is well recognized that an adequate revenue mobilization effort is critical for the financing of a government's necessary social and economic expenditure obligations. On the other hand revenue utilization is efficient and effective use of find in accordance with acceptable accounting principles in the organization, (Sunder and Shyam, 1997). It is interesting to note that despite the unemployment problem in the country threatening to reach soaring levels, local government have human resources shortage especially in the area of financial management. According to Drummond (1962), a comprehensive by all concerned with local government of the financial implications of its activities and a careful watch over the revenue collection on such a vast scale is clearly desirable in both local and national interests. Kibuuka (1998) in Tuhiirwa (2000) contends that lack of skilled personnel and other resources in local governments is evidenced in massive loss of in million of shillings in graduated tax administration in local governments. Apart from skilled personnel, there is lack of other resources to enhance mobilization of resources, computers, fuel for the vehicles and motor cycles. Prest (1975) cautions that government should consider funding in various activities related to mobilization of revenue in local governments.

The researcher will focus on this area. For any development to occur, sound planning is indispensable.

Under decentralization top-bottom planning has been replaced by bottom-top and to some degree participatory approach has been adopted to supplement bottom-top planning approach, (Byarugaba, 2000). According to Kreitner (1995) and Armstrong (2000), planning is the process of copying certainly by formulating relating future cause of action to achieve great things by providing a path-way for concept to reality. They further contend, that, because planning affects all downstream management functions it is known as the planning management function. Planning is not static but should be flexible to accommodate the socio-economic, political changes. It is important to note that a plan should be flexible and able to respond to new ideas in the course of its implementation. Roudinelli, et. al., (1976) argue planning for functions of revenue mobilization is best dealt with by top managers. Griffin further indicates that planning when effectively done generates greater benefits; good results and makes projects accessible. According to Suruma (2007), sufficient revenue mobilization supports effective delivery of services to the population. Further indicates some of the revenue sources like people in gainful employment and self employed artisans broaden local government revenue base. Luzige (2004) observed that local government improved revenue collection means increased and improved service delivery. Akulta (2001) concurs with Luzige (2004) that short falls in local revenue collection has a profound negative effect in service delivery in municipalities.

2.5 Revenue Collection and Service Delivery

The distributions of revenue, or total income, through a business, corporate or government structure is referred to as revenue allocation. It often involves a complex process of determining how and where to channel revenues in order to best maintain the viability and operating structure of an organization (Bahl and Bird, 2008). One major problem associated with revenue allocation is that it is not an exact science and can be a source of conflict. Money is a lot-button topic after all, and one rarely finds two people who can agree on how it should be distributed. There are, of course, many documented instances of people deliberately mishandling revenues (Bahl, *et. al.*, 2003). There are also many who talk of financial corruption contained in an element of irresponsible revenue allocation. Revenue sharing and allocation between the federal and other tiers of government have become the most contentious issues in local governments (Bahl and Bird, 2008). To this end, Pauline Baker notes that the revenue allocation issue is not a secondary matter but a primary issue that is fundamental to the political stability of the country as a whole (Baker, 1984).

Local revenue collection rates in general are below their potential, and much improvement must be done not only to improve collection, but also to improve the statistics on actual collection. Of primary importance is to focus attention on the substantial scope for improvement. Mobilizing the community through enhanced participatory budgeting and civic participation will engage the citizens and also facilitate enhanced revenue collection (Bahl, *et. al.*, 2003). Many local governments rely heavily on individual persuasion to mobilize revenues rather than utilizing the various enforcement mechanisms available through legal processes. The lack of collection and enforcement can be attributed to several factors one of which is the lack of apparent political will. Taxpayers and business owners must be convinced to pay their tax obligations; this can be facilitated if they observe improved local services provision and perceive that the taxes and fees are being administered fairly and efficiently (Bahl and Smoke, 2003).

The first priority, for city administrators therefore, is to improve service delivery since people are always more willing to pay taxes and fees if in return they receive some tangible benefits or services. To improve credibility, local governments must implement strictly the established laws, regulations and procedures, and ensure that the taxes and fees are being administered in a transparent, accountable and fair manner. Management and operational staff need to ensure that the property tax and business registers are complete and kept up to date, assessments are calculated properly, tax demand notices are distributed, taxpayers are made aware of their obligations and the procedures to pay, and taxes and fees are collected systematically and fairly from all rate payers and businesses (Bahl and Bird, 2008). Effective collection depends on having a well functioning administrative system and motivated staff.

Close supervision and improved management of revenue collection can improve the revenue yield and equity of the rating and business licensing system. Transparency in the whole process is essential. In La Paz, Bolivia for example, then Mayor Ronald MacLean Abaroa supported collection through established banks, and adopted external auditing mechanisms to minimize possibilities of corruption (Klitgaard, et. al., 2000). Monitoring and supervision are very important. Often tax revenue compliance is monitored through the use of tax receipts and business licenses, which requires local staff to check and identify individual compliance in the field on a case-by-case basis. Although these spot compliance checks can generate additional local revenues, a well-maintained, up-to-date delinquency list can be used effectively by local enforcement agencies to follow up on noncompliant taxpayers. These tax delinquency lists can be widely publicized to ensure transparent and consistent action against non-compliance. Depending on local cultures, ‘name and shame’ strategies like these can work.

This can enable local governments to effectively target their resources to maximize collections. Excessive enforcement efforts, can result in negative incentives: on one hand, forcing businesses to become part of the informal sector; and on the other hand, sometimes, as a result of harassment on the part of tax officials, to forcing the closure of operations by business owners altogether (Bahl and Bird, 2008). Local governments should try to use appropriate but also cutting edge information and communication technologies when feasible in administering these local revenue programs. Among the technologies that have proven to be effective are various computerized systems, satellite photography and GPS mapping systems for property registration and valuation and electronic and banking systems for payments and accounting. A sound revenue system for local governments is an essential pre-condition for the success of fiscal decentralization (Bird 2010; Martinez-Vázques and Smoke 2010a; Olowu and Wunsch, 2003). In addition to raising revenues, local revenue mobilization has the potential to foster political and administrative accountability by empowering communities (Shah, 1998; Oates, 1998). However, prescriptions deriving from the theory and from good international practice impose huge constraints on the choice of revenue instruments for local governments. Ahmad (1997) looks at the sources of Government revenue as the avenues from which the government gets money to meet its expenditure and improve on service delivery to the satisfaction of its citizens. In Uganda, local revenue mobilization and collection remains a critical input for sustainable implementation of the decentralization policy or service delivery. Yatta and Vaillancourt (2010) contend that, the basic collection administrative procedures include identifying and locating tax payers, checking on tax payers' compliance and collection of taxes. Vehorn and Ahmad (1997) also shares on this view while commenting on sub-national administration generally. Silivan and Albert (1992) concluded that revenue collection will result specifically from taxpayer registration, training data processing, tax payers relations and simplification forms.

2.6 Revenue Administration and Service Delivery

Tax administration has not been specifically defined in existing literature. However some researchers like Bird (1992), Surrey (1974), Gupta, et, al., (1997), have tried to point out the components of administration internationally. While in Uganda Oriaro, *et. al.,* (1998), Iga (1998), Abigaba (1998), Chen and Reinikka (1999) and Mulindwa (2000) have pointed out the aspects they consider relevant in the Ugandan scenario. Young (2000) contends that the basic administrative procedures include locating the tax payer, checking on tax payer compliance and collection of taxes. This view is shared by Yitzhaki (2002) while commenting on sub national tax administration generally, in Columbia and Silvani and Alberto (1992) who include specifically taxpayer registration, training, data processing, tax payer relations, and simplification of forms. Yitzhaki (2002), in summary suggests three basic tasks of tax administration which are to identify potential tax payers, assess tax on them appropriately and collect the tax that is enumerate, estimate and enforce.

Iga (1999) expanded on the components and suggested that tax administration comprises of codification and drafting the law, administrative procedures, capable officials and overall management. However, in contrast to this view, Mulindwa (2000) cautions readers not to confuse tax policy, tax management and tax administration as that component of the tax system that ensures that tax laws are effectively enforced. Yitzhaki (2002) argues that sensitization and monitoring and review systems are part of tax administration. Just like administration of other taxes, excise duty administration refers to management of excise duty including identification and registration of excise duty taxpayers, assessment, collection of excise duty, monitoring of the excise duty system and sensitization of the taxpayers.

Quite a number of provisions in various laws gave a lot of discretionary powers to the tax authority in decision-making leading to many arbitrary tax assessments. This weakness in the laws fuelled corruption in tax administration. The system lacked transparency due to absence of a mechanism for independent arbitration in event of tax disputes between the taxpayer and the tax authority. In a nutshell, the tax system was not comprehensive and economical, and lacked equity and fairness. Low tax effort even within the existing tax base was very evident (a ratio of only 4% tax revenue to GPD). The administration also had several shortcomings which included: redtape; poor tax administration infrastructure and inadequacy of logistics; little political will and support, rendering the environment for tax administration insecure; low work morale leading to declining professionalism amongst tax collectors; high degree of tax evasion through smuggling, forgeries, under declarations and other forms of indiscipline; rampant corruption; inappropriate technology and very poor standard of business management and record keeping amongst the business community

The main focus of taxation policy in Uganda is revenue collection. Where tax administration is an important component of tax policy and the major thrust in the revenue collection improvement will largely depend on the effectiveness of tax administration (Mulindwa, 2000). Saleemi (1994) also points out that taxes are an important source of revenue of the government because even at low rates, taxes produce large amounts of revenue. Most tax scholars agree that the main objective of tax administration is to raise sufficient revenue for local development (Mulindwa 2000; Muhumuza, 2000). However much as tax administration is important, Vehord and Ahmad (1997) warns that there is little benefit for sub-national governments in taking on tax tools that they are un able to administer. Further Vezord (1999) noted that the reform of tax administration is the single most important economic task for the government. Vezord (1999) asserts that issues such as human resource, business process, information management, tax payers relations and tax policy, and targets should be central and continuing ingredient in the management of tax administration.

2.7 Conclusion

Under literature review, a review of literature was carried out in relation to the study objectives. Literature on revenue management was reviewed and established that the world over there has been reformation of administration and management of revenues in local governments in a variety of countries including developing countries like Uganda. However, the developed countries had made much progress in this area justifying why delivery of public services was more effective and efficient compared to developing countries. In regard to the effect of revenue management on service delivery, the literature revealed that there was a significant relationship between the variables justifying that revenue management was paramount in steering service delivery in local governments in both developing and developed countries. Among the factors affecting revenue management were; institutional capacity, multiple accountability, declining public service ethics, declining social values and civil service morale and corruption. However much as the previous studies revealed that there was a relationship between revenue management and service delivery, these studies seem to have concentrated more on public agencies and less on local governments that always receive most of their revenue in arrears. Therefore the studies seem to offer limited solutions to the problem at Kira Division since the problem at hand requires a study to be conducted to establish how revenue management can be effectively implemented in order to bring about sustained public service delivery. This made this study relevant.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter describes how the study was conducted. It focuses on the research design and approaches that were adopted, the study area, target population, sampled population, sample size and selection. The chapter examines data collection instruments, sampling techniques and procedures, pre-testing of instruments, methods and procedures for data collection and analysis.

3.1 Research Design

The study adopted a case study design to help explain the current situation on service delivery and analyze the inherent problem when dealing with quantitative and qualitative data. The case study design is used to bring out the understanding of complex issues and can extend experience or add strength to what is already known through previous research. The design emphasizes detailed contextual analysis of a limited number of events or conditions and their relationships. Yin defines the case study research method as an empirical inquiry that investigates a contemporary phenomenon within its real-life context when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used (Yin, 1984). The case study helped the researcher to gain an in-depth understanding of the study under investigation. A case study design was adopted because the study was only carried at Kira Division. The study adopted both quantitative and qualitative. The quantitative approach involved using scientific or mathematical data to understand a problem such as analyzing surveys to predict consumer loyalty. The approach was used to compile questionnaires and then examined the results to produce data-driven analysis. The qualitative approach was used to gather information to describe study in a deep comprehensive manner. This was done by using interviews and open-ended questions.

3.2 Study Population

The study population was 80 comprising of 60 accounting officers, 3 finance department staff, 4 audit department staff, 5 procurement staff, 5 PAC members, 5 accountants and 3 HR staff. It is from this that the sample size was constituted (Kira Division Annual Report, 2014). The key informants in the senior positions were highly considered for their knowledge on revenue management and impact on service delivery but not ignoring key informants from the Division. The researcher believed that this category of people is knowledgeable enough about her area of study and was able to avail her with the necessary data about the study.

3.3 Sample Size and Sampling Strategies

A total sample size of 70 was selected from the population size of 85 respondents. The sample size was determined using the Farum 1997's formulae of calculating sample sizes, which states that:

Sample size= $N/ (1 + Ne^2)$;

Where N is the accessible population;

And e is the level of significance (0.05)

The total of 70 was within the manageable size and in line with Sekaran (2003) who contends that sample size larger than 30 and less than 500 is appropriate for most studies as shown in Table 3.1.

Table 3.1 Sample Size and Sampling Technique

Category	Population	Sample Size	Sampling technique
Accounting officers	60	52	Simple random sampling
Accountants	5	3	Purposive sampling
Finance department staff	3	3	Census
Audit department staff	4	3	Purposive sampling
Procurement department staff	5	4	Purposive sampling
Local Government PAC members	5	3	Purposive sampling
Human Resource department staff	3	2	Purposive sampling
Total	**85**	**70**	

Source: Secondary Data (2015)

3.3.1 Sampling Techniques

According to the American Statistical Association (1999), these sampling techniques are used to select specified categories of respondents in a less costly and less involving manner. Mugenda and Mugenda (2003) define sampling as a formulation of a procedure of selecting the subjects or cases to be included in the sample. In other words, a sampling technique is a plan for obtaining a sample from a given population. This study used the simple random sampling, purposive and census methods to select the sample. Census method according to Stephen (1991) is construed as the opposite of a sample since everyone is given a chance to be survey other than a fraction. The census method was used to select staff from the different departments who are informative and knowledgeable about the internal control process. These included the Finance department staff.

Simple random sampling: According to Mugenda and Mugenda (1999), simple random sampling involves allocating equal chance to the selected elements in the population. This method involved giving a number to every respondent in the accessible population, placing the numbers in a container and then picking any number at random. Simple random sampling was used to select management members and to determine the number of respondents to be interviewed from both categories. This was used during the selection of accounting officers. Purposive sampling was used to select the respondents known to possess the required information for the study. For the accountants, audit department staff, procurement department staff, Local Government PAC members and Human Resource department staff, purposive sampling was used.

3.4 Data Collection Methods

The data collection methods are techniques of collecting data. This research adopted both quantitative and qualitative methods and primary data was collected using the questionnaire survey and interview survey methods. Using the questionnaire survey, the researcher developed a questionnaire that included specific objectives of the study for respondents to complete in writing. The questionnaire was structured using a Likert scale ranging from strongly disagree (1) to strongly agree (5). The structured questionnaire obtained specific response which was easy to analyze. It gave an accurate profile of the situation and the data that was provided was used to describe who, what, how, when and where concerning the variables in the study and also establish the relationship between the independent and dependent variables.

Face to face interviews were conducted and during the course of the interviews, notes were taken. Interviews are a good tool as they enable the researcher to gather in-depth information around the topic to meet specific needs. The researcher was also able to clarify unclear issues in the questionnaire to the respondent (Mugenda and Mugenda, 2003). This method was used to collect data from the district PAC. Using documentary review, information on the topic was collected from already existing archived documents. Research papers and articles on revenue management and service delivery published internationally and locally were reviewed. These included journals, reports, news paper articles among others.

3.5 Data Collection Instruments

The tools that the researcher used for collecting data included a structured questionnaire and an interview guide.

3.5.1 Structured Questionnaire

The justification for using this instrument is that it is less expensive and does not require the researcher to be present for the respondent to complete. It was used to collect data from staff because they have a high level of literacy, and are able to read, understand and interpret the questions besides possessing the information required for the research. The interval Likert Scale questionnaire was designed on values assigned and ranked 5 to 1 in order of; 5-Strongly Agree (SA), 4-Agree (A), 3- Neither Agree nor Disagree (U), 2-Disagree (D) and 1-Strongly Disagree (SD). When administering the questionnaires, the researcher delivered them personally to the respondents, waited for those who were in position to fill them there and then left his contacts with those who were to fill them at a later date to contact him when they were ready.

3.5.2 Interview Guide

An interview guide was used to collect data from key informants who included the district PAC officers. Interviews are a good tool as they enable the researcher gather in-depth information around the topic to meet specific needs. The researcher was also able to clarify unclear issues in the questionnaire to the respondent. This method was used to collect data from top level managers in the organization. This data assisted in clarifying data collected by the structured questionnaires since it involved a face to face interaction and it also provided a whole range of views. This data assisted in clarifying information collected by the structured questionnaires since it involved a face to face interaction and it also provided a wide range of views.

3.6 Validity and Reliability of Instruments

In order to make sure that quality and relevant data were collected, the research instruments were tested for reliability and validity as follows;

3.6.1 Validity Test

The validity of the study is concerned with the extent to which data collection instruments accurately measure what they intend to. Validity is important concept in the acceptability of the use of an instrument for research purpose. Validity refers to the appropriateness of the instrument in collecting the data that is supposed to be collected while reliability refers to its consistency in measuring whatever it is intended to measure (Amin, 2005). Validity was measured by both content and face validity. Face validity is a property of a test intended to measure something. It is the validity of a test at face value. In other words, a test can be said to have face validity if it looks like it is going to measure what it is supposed to measure. Content validity measures the extent to which the content of the instrument corresponds to the content of the theoretical frame work of the study (Amin, 2005). Here, the expert views were obtained by talking to experts both academicians and practitioners in the field of financial management. These were required to comment on the relevance of the questions/items in the instrument. Content validity was assessed by using the questionnaire which measured the same concepts. If the measurements are consistent with the theoretical expectation, then the data had construct validity. Validity of the instrument was obtained using the Content Validity Index (CVI) as presented in the table below.

Table 3.2: Validity

Variable	Anchor	Content Validity Index
Revenue mobilization	5 Point	.890
Revenue collection	5 Point	.884
Revenue administration	5 Point	.858
Service delivery	5 Point	.798

Source: Primary data

3.6.2 Reliability Test

The researcher ensured that the instruments minimize random error and hence increase the reliability of the data collected. The researcher pre-tested the questionnaire on 10 respondents and their responses used to generate the Cronbach's Coefficient Alphas. In order to measure reliability, a score obtained in one item was correlated with scores obtained from other items in the instrument. Cronbach's Coefficient Alphas were therefore computed to determine how items correlate among themselves. To test for the internal consistencies of the scales used to measure the variables, the alphas were expected to score above Cronbach's alpha (α) 0.6 test (Cronbach, 1950).

Table 3.3: Reliability

Variable	Anchor	Cronbach Alpha Value
Revenue mobilization	5 Point	.858
Revenue collection	5 Point	.997
Revenue administration	5 Point	.899
Service delivery	5 Point	.787

Source: Primary data

According to Cronbach (1950), coefficient alpha of 0.7 and above is considered adequate. From the results all the Cronbach alpha coefficients ranged from .787 to .997, therefore meeting the acceptable standards.

3.7 Data Collection Procedure

The researcher received an introductory letter from the research coordinator Uganda Martyrs University, to be presented to Kira Division management to request for permission to carry out the research at the Division. After approval, the researcher used simple random sampling and census techniques to select respondents among management staff, accountants, finance department staff, audit department staff, procurement department staff, Local Government PAC members and Human Resource department staff. Appointments were then sought with the key informants for interviews. The researcher explained the purpose of the research to the respondents, assured them of confidentiality and also gave them an option to participate in the research. The overall data collected was internalized and analyzed for interpretation and report writing.

3.8 Data Processing and Analysis

After collecting the questionnaires and the interview schedules, the researcher did central editing to check the questionnaire for obvious errors such as wrong entry, and missing or inappropriate replies. The researcher also contacted the respondents for clarifications where necessary. The researcher collected data, cleaned it, coded it and classified them into categories. The data was edited and entered into the data editor of Statistical Package for Social Scientists (SPSS) software for analysis according to the objectives of the study. Here, the SPSS program was used to generate correlations, frequency tabulations, item mean analysis and the regression analysis. Qualitative data was processed into a manageable form and a narrative constructed around it (Amin, 2005). Examples were used in the narrative in order to review trends and compare the respondents' opinions/perspectives of the issues being discussed.

The researcher used SPSS to analyze and present the data collected. Both descriptive and inferential statistical techniques were used. The upper level of statistical significance for the null hypothesis testing was set at 5%. The statistical test results obtained were computed at Z tail level of significance as per the non-directional hypothesis presented by Sekaran (2003). Descriptive statistics were used to describe and summarize the behavior of the respondents in the study. Descriptive statistics used in the study were based on frequency tables to provide information on variables such as age, sex, education, job among others. This provided demographic data on the respondents which was helpful in categorizing responses.

Relationship statistics were analyzed and correlated using Pearson product correlation coefficient of relations to establish the relationship between revenue management and service delivery. This was important because it determined the level of significance of the independent variable to the dependent variable. For the purpose of this study the Pearson product moment correlation coefficient was used to measure the significance of revenue management and service delivery. This included establishing whether there is a relationship between the different variables under revenue management and service delivery. Pearson correlation matrix was helpful in determining the strength of the objectives as outlined in the study.

For this study, the three independent variables under revenue management were regressed against the dependent variables of service delivery. This was aimed at determining the extent to which revenue management as a whole explains the variation in service delivery. It was used to determine the extent to which specific revenue management components explain the change in service delivery. Qualitative data was analysed by way of classifying it into simple content categories, themes and sub-themes, closely examined and compared for similarities and differences. Qualitative data obtained by way of an interview guide was used to reinforce information gathered using the questionnaire to draw meaningful conclusions.

3.9 Measurement of Variables

Revenue management was measured according to revenue mobilization, collection and administration dimensions developed by Oates (1998). On the other hand, Ashe (1997) measured service delivery according to value for money, service quality, service accessibility and timeliness. Their scales were adopted for the study and anchored on a five Likert scale ranging from 1-Strongly Disagree (SD), 2-Disagree (D), 3-Not Sure (NS), 4-Agree (A) and 5-Strongly Agree (SD).

3.10 Limitations of the Study

Some of the respondents were not willing to be interviewed. However, this was solved by persuading them. Time was spent with managers and respondents to explain that the questions were purely for academic purposes.

An introductory letter from the university administration was taken to the Kira Division local government. Respondents withholding information due to fear of being victimized, the researcher convinced the respondents that the information they provided was to be kept confidential.

The respondents were unwilling to fill questionnaires. The researcher ensured constant liaison with the respondents and made sure reminders were sent to them to fill the questionnaires. Respondents having a view of not obtaining any direct benefit from the research results. However the researcher pointed out to them that the results of the study were to affect them indirectly through policy changes and therefore, tried to convince the respondents to spare time to answer the questions.

3.11 Ethical Considerations

When carrying out research the following ethical considerations were observed. Permission of the people who were under study was sought to conduct the research involving them. The study avoided causing physical or emotional harm to the respondents who were part of the study. Objectivity during the research was emphasized so as to eliminate personal biases and opinions. Anonymity of the respondents was taken care of during the study so as to avoid victimization and this was informed to the respondents.

3.12 Conclusion

The chapter introduced and explained the methodological aspects that were followed when constituting the population, selecting the sample the sampling methods to be used, the data collection methods and instruments to be employed during the study, quality control of the instruments, data management and processing, ethical considerations and the anticipated limitations of the study. This set ground for chapter four which dealt with presentation and interpretation of the results of the study.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

4.1 Introduction

This chapter provides a presentation, analysis and discussion of the empirical findings according to the purpose and objectives of the study. This section of the study discusses the characteristics of the respondents at Kira Division such as gender, educational level, age group and tenure of employment. The researcher adopted frequency tabulations to present and discuss the results of the sample characteristics below. The rationale of using frequency tabulation and figures was to ascertain the percentage contribution of each group of the different demographics in relation to the responses of the respondents. The study targeted 70 respondents to provide the information of the study. However, responses were received from 58 respondents giving a response rate of 83%.

4.2 Demographic Characteristics

To present demographic characteristics, frequency tabulations were used to indicate variations of respondents based on gender, educational level, age group and tenure of employment. The demographic characteristics were presented basing on the responses from the respondents.

4.2.1 Gender Distribution

In order to present the respondent category and gender distribution categories of the respondents, frequency tabulation was used by the researcher. Table 4.1 below presents the results:

Table 4.1: Gender Characteristics of the Respondent

Gender	Frequency	Percentage
Male	36	62.1
Female	22	37.9
Total	58	100.0

Source: primary data 2016

According to the results above, the majority of the respondents were male (62.1%) and the female were 37.9%. This indicates that the majority of the staff involved in the revenue management of the division were male. The results are summarized in figure 4.1 below.

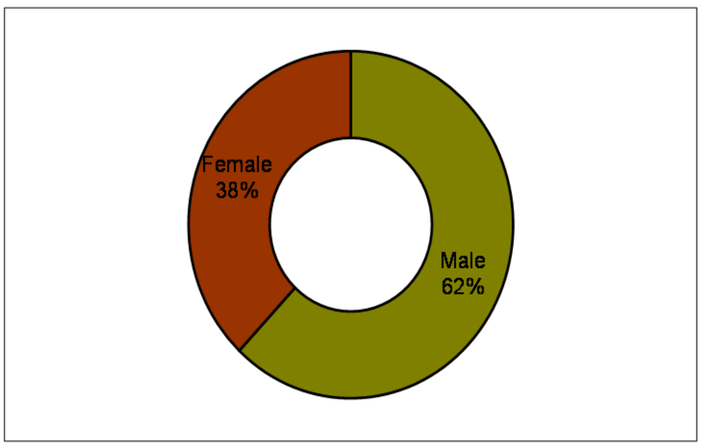


Figure 4.1: Gender Distribution

4.2.2 Respondent Category by Level of Education

Frequency tabulation was used by the researcher to present the age distribution of the respondents. Table 4.2 below presented the results:

Table 4.2: Level of Education Distribution

Level of Education	Frequency	Valid Percent
Diploma	14	24.1
Degree	31	53.4
Masters	9	15.5
Others	4	6.9
Total	58	100

Source: primary data 2016

According to the results in table 4.2, the degree holders were 53.4%, diploma holders 24.1%, masters degree holders 15.5% and those who held other qualifications accounted for 4.7%. From the results, the majority of the responses were degree holders and diploma holders. This implies that data was collected from respondents who were able to read and understand. Therefore could provide the required information for the study. The results are summarized in figure 4.2 below.

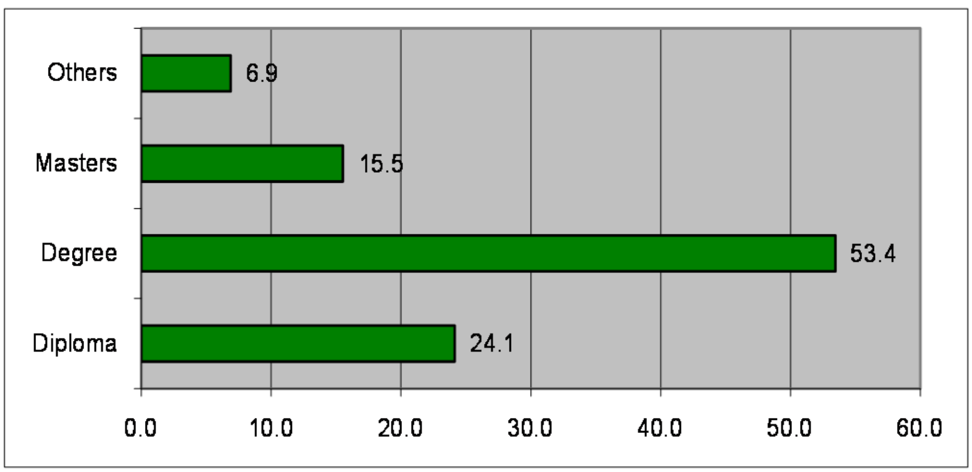


Figure 4.2: Level of Education Distribution

4.2.3 Respondent Category by Age Group

Frequency tabulation was used by the researcher to present the age distribution of the respondents. Table 4.3 below presents the results:

Table 4.3: Age Group Distribution

Age group	Frequency	Percent (%)
20-29 yrs	5	8.6
30-39 yrs	28	48.3
40-49 yrs	14	24.1
49 yrs >	11	19.0
Total	58	100.0

Source: Primary data 2016

The results in the table 4.3 revealed that the majority of the respondents were within age brackets of 30-39 years and 40-49 years with percentages of 48.3% and 24.1% respectively whereas, 19% accounted for those respondents in the above 49 years age group and 8.6% were in the 20-29 years. The results implied that the composition of the respondents was made up of respondents who were mature enough and had enough experience to steer revenue management at the division. The results are summarized in figure 4.2 below.

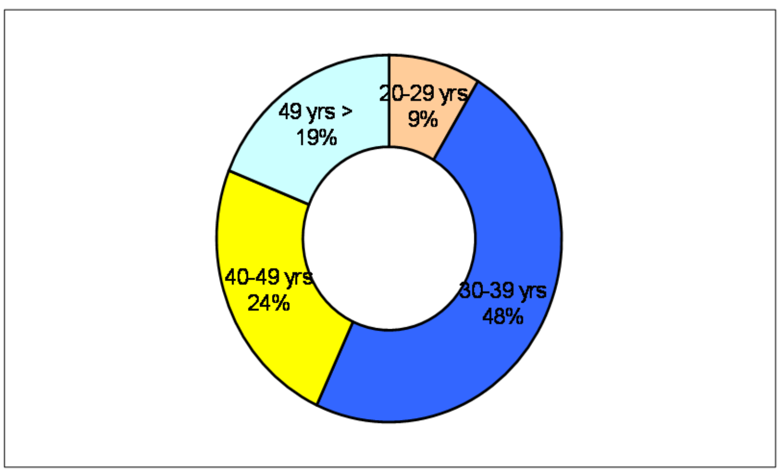


Figure 4.3: Age Group Distribution

4.2.4 Tenure of Employment

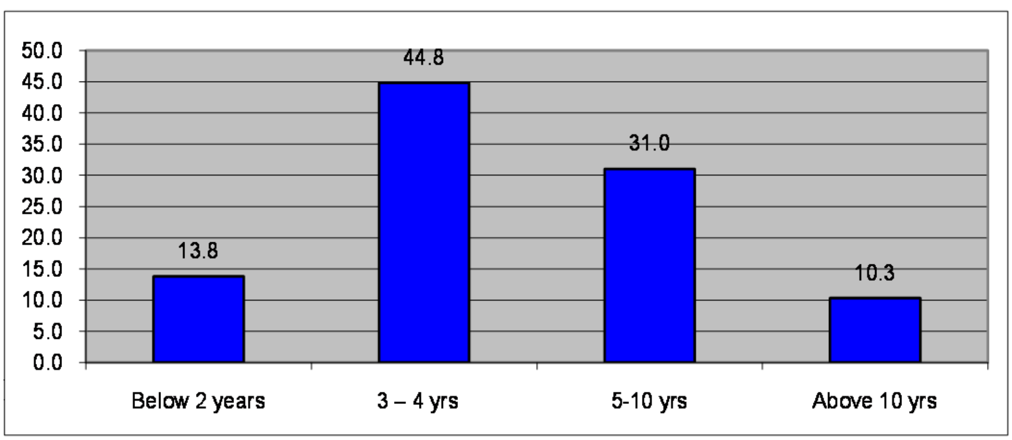
Frequency tabulation was used by the researcher to present the years of employment served by the respondents. Table 4.4 below presented the results:

Table 4.4: Tenure of Employment

	Frequency	Percent
Below 2 years	8	13.8
3 – 4 yrs	26	44.8
5-10 yrs	18	31.0
Above 10 yrs	6	10.3
Total	58	100.0

Source: primary data 2016

From the results in table 4.4, it was observed that the respondents had worked with the division for 3-4 years (44.8%), 31% had worked with the division for 5-10 years, 13.8% had served the division for less than 2 years and 10.3% had served the division for more than 10 years. According to the results, the majority of the population had stayed long enough. This implied that respondents who participated in the revenue management of the division possessed experience of at least 3 years or more and therefore could provide the required information. The results are summarized in figure 4.4 below.



4.4 Item Mean Analysis for Revenue Management

In order to assess the level of agreement and disagreement on the different items used to measure the dimensions of revenue management in the questionnaire, item mean analysis was carried out.

The researcher anchored the responses of the respondents on five Likert scale ranging from strongly disagree to strongly agree and the results are presented below.

4.4.1 Descriptive Analysis for Revenue Mobilisation

In order to assess the level of agreement and disagreement on the different items used to measure revenue mobilisation in the questionnaire, item mean analysis was carried out. The researcher anchored the responses of the respondents on five Likert scale ranging from strongly disagree to strongly agree and the results are presented below.

Table 4.5: Revenue Mobilisation

Items	Min	Max	Mean	Std Dev
Raising revenue enhances the division to off set it's obligation	1	5	3.74	.943
The division entirely depends on revenue mobilized	1	5	3.43	.875
There is effective communication during revenue mobilization	1	5	3.57	.784
Revenue mobilization laws are easy to implement	1	5	3.62	.982
Revenue mobilization procedures are easily understood by division officials	1	5	3.72	.902
The revenue mobilization mechanisms are conducive for division officials	1	5	3.61	.789
The staff at the division are competent in the area of revenue mobilization	1	5	3.64	1.05
The targets set by the division on revenue mobilization are usually achieved	1	5	3.08	.745
The division staff possess the required revenue mobilization skills	1	5	3.60	.684
The division has a good track record for adhering to revenue mobilization rules, regulations and policies	1	5	3.32	.875
The division provides accurate information about the mobilized revenues	1	5	3.52	.902
The division plans how the revenues are realized from the public	1	5	3.73	.785
The division accounts for all the mobilized revenues	1	5	3.41	.845
Sufficient funds are decentralized to the district by central government	1	5	3.58	.745
Government transfers are regularly made to the division	1	5	3.78	.745
There has been a deliberate attempt to broaden the revenue mobilization base by the division	1	5	3.60	.684

Source: Primary data, 2016

According to the results in table 4.5 on revenue mobilization at the Division, the respondents agreed that raising revenue enhanced the division to offset its obligations (mean=3.74), In regard as to whether revenue mobilization procedures were easily understood by division officials, the respondents agreed that it was true (mean=3.72). The results also revealed that the staff at the division were competent in the area of revenue mobilization (mean=3.64). Strengthening revenue mobilization has long been a central concern of local governments (Harold, 1969). Resource mobilization from taxation is potentially the biggest source of long term financing for sustainable development and is the lifeblood of all state services which include the provision of public services such as healthcare, education and infrastructure.

From the results, the revenue mobilization mechanisms were conducive for division officials (mean=3.61), revenue mobilization laws were easy to implement (mean=3.62) whereas, there was effective communication during revenue mobilization (mean=3.57). According to Olowu and Wunsch (2003), domestic revenue mobilization can help strengthen fiscal institutions because stable and predictable revenue facilitates medium-term fiscal planning, which can help ensure that resources are allocated to priority sectors and that these allocations are effectively translated into outcomes. This implied that the management of the division ensured that the staff were aware of the procedures that should be followed during revenue mobilization and that all policies, procedures and guidelines used during revenue mobilization were available. Resulting from the existing revenue mobilization structures, the division was able to enforce adherence to the set policies and guidelines.

The majority of respondents agreed that government transfers were regularly made to the division (mean=3.78). In relation to whether the division planned how the revenues were realized from the public, there was agreement from the respondents (mean=3.73). A sound revenue system for local governments is an essential pre-condition for the success of fiscal decentralization, (Odhiambo and Kamau, 2003). This provides justification that part from internally generated funds, the division received funds from government to deliver public services. The majority of the respondents agreed that the division staff possessed the required revenue mobilization skills (mean=3.60), there had been a deliberate attempt to broaden the revenue mobilization base by the division (mean=3.60), sufficient funds were decentralized to the district by central government (mean=3.58) and the division provided accurate information about the mobilized revenues (mean=3.52). In addition to raising revenues, local revenue mobilization has the potential to foster political and administrative accountability by empowering communities asserts Shah (1998). Whereas, Oates (1998) of the view that revenue mobilization is based on identification of the tax base. A coverage ratio of the local revenue, the extent to which the tax objects are captured on the tax rolls needs to be determined and monitored.

The results provide confirmation that revenue mobilization from the public and through government transfers helped the division to be able to deliver public goods. Interest in enhancing revenue mobilization in developing countries is increasing (Harold, 1969), but with many still facing a fundamental need to raise more revenue from their own tax bases (Shah 1998). Therefore, revenue mobilization during revenue management was paramount in enhancing the efficiency of the division through the delivery of public services. The standard deviation results point to the fact that the results could also be applied to other other divisions in other local governments. From the interviews, the chairman education committee and the chairman District PAC asserted that the revenue mobilization was paramount in promoting enhanced performance of the division, since it helped the division mobilize the required financial resources to be able to deliver public services in the division. The results were also supported by the Heads HR who revealed that revenue mobilization affected revenue management at the division through the use of multiple channels to mobilize funds for the division.

4.4.1.1 Revenue Mobilisation and Service Delivery

In order to understudy the effect of revenue mobilization on service delivery, the Pearson's correlation test was used. The Pearson correlation coefficient was used because it presents data in a numerical way to quantify the relationship between two variables where the correlation coefficient is determined. Where if the correlation coefficient, is positive, then a increase in the independent variable would result in a increase in dependent variable, however if it was negative, an increase in independent variable would result in a decrease in the dependent variable. Larger correlation coefficients would suggest a stronger relationship between the variables and vice versa. The results are presented in table 4.6 below.

Table 4.6: Revenue Mobilisation on Service Delivery

Variables		**Revenue Mobilization**	**Service Delivery**
Revenue Mobilization	Pearson Correlation	1	.542**
	Sig. (2-tailed)		.000
Service Delivery	Pearson Correlation	.542**	1
	Sig. (2-tailed)	.000	
***. Correlation is significant at the 0.01 level (2-tailed).*			

Source: Primary data, 2016

Table 4.6 shows that, Pearson's Correlation Coefficient for revenue mobilization and service delivery was r = 0.542, which was positive with probability value (p = 0.000) that is less than α = 0.01 level of significance showing a positive relationship between revenue mobilization and service delivery at the one percent level of significance. Therefore a null hypothesis which stated that revenue mobilization does not have a significant influence on service delivery was rejected and the alternative which stated that revenue mobilization have a significant influence on service delivery was upheld. This implied that when there was a favourable revenue mobilization, this would enhance service delivery at the division. This position was also shared by the division chairman and secretary who revealed that the revenue mobilization was paramount in promoting efficiency in the delivery of public services in the division in the ever changing dynamic environment. Local governments need to put in place and adhere to set procedures, governance structures and provide for role separation so as to ensure effectiveness and efficiency. Therefore, the revenue mobilisation concerns not only on improving their operations at the division but also preparing them for future responsibilities.

This is in agreement with the assertions made by the Ministry of Local Government (2004) which revealed that effective local revenue mobilization requires good management, accountability and service delivery. Mobilizing the community through enhanced participatory budgeting and civic participation will engage the citizens and also facilitate enhanced revenue collection (Bahl, *et. al.*, 2003). Many local governments rely heavily on individual persuasion to mobilize revenues rather than utilizing the various enforcement mechanisms available through legal processes. Such resource mobilization can come from both the public sector and the private sector. The public sector does this through taxation and other forms of public revenue generation. Resource mobilization from taxation is potentially the biggest source of long term financing for sustainable development and is the lifeblood of all state services which include the provision of public services such as healthcare, education and infrastructure (Beall, 2000).

Domestic revenue mobilization can help strengthen fiscal institutions because stable and predictable revenue facilitates medium-term fiscal planning, which can help ensure that resources are allocated to priority sectors and that these allocations are effectively translated into outcomes. A sound revenue system for local governments is an essential pre-condition for the success of fiscal decentralization, (Olowu and Wunsch, 2003). It is imperative to note that, despite a minimal increase in service delivery, the growth of Africa’s population has outpaced local authority capacity for service delivery in terms of management, infrastructure, and financing (McCluskey and Franzen, 2005). The urban municipal authorities have not been restructured to cope with the fast-growing population (Beall, 2000).

4.4.2 Descriptive analysis for Revenue Collection

In order to assess the level of agreement and disagreement on the different items used to measure service responsiveness in the questionnaire, item mean analysis was carried out. The researcher anchored the responses of the respondents on a five Likert scale ranging from strongly disagree to strongly agree and the results are presented below.

Table 4.7: Revenue Collection

Items	Min	Max	Mean	Std Dev
The division has the ability to attain revenue targets	1	5	3.82	.691
Under exploitation of collectable revenue has led to under collection of budgeted revenues	1	5	3.68	.635
The division has the capacity to collect taxes	1	5	3.60	.761
At the division, potential taxpayers are identified	1	5	3.65	.891
Mobility of tax payers to and out of the division affects revenue collections	1	5	3.66	.782
The diversity of the division's revenue base is wide enough	1	5	3.16	.601
The collection of local revenue is contracted to private firms by the division	1	5	3.99	.683
The division has the ability to attain revenue targets	1	5	3.95	.771
The division has the capacity to collect debts	1	5	3.77	.796
The collection mechanism of revenues is easy to implement	1	5	3.43	.857

Source: Primary data, 2016

Basing on the study results in table 4.7, the majority of the respondents agreed that the division had the ability to attain revenue targets (mean=3.82), under exploitation of collectable revenue had led to under collection of budgeted revenues (mean=3.68) and mobility of tax payers to and out of the division affected revenue collections (mean=3.66). According to Visser and Erasmus, (2005), public revenue collection is an integral component of fiscal policy and administration in any economy because of its influence on government operations. It is the fuel of every government as it is the main instrument through which government funding is ensured. The results further revealed that the potential taxpayers were identified (mean=3.65) and the division had the capacity to collect taxes (mean=3.60) which was indication that division devised ways of making sure that revenues were collected efficiently as a way of managing the division revenues efficiently. Tax revenue collection should comply with best practices of equity, ability to pay, economic efficiency, convenience and certainty (Visser and Erasmus, 2005). Verifying that the correct amount of tax has been paid is an important component of improving compliance. Limited resources restrict the ability of revenue authorities to audit each and every tax return submitted (Amin, 2013).

In line, the results showed that collection of local revenue was contracted to private firms by the division, most of the respondents agreed (mean=3.99) and that the division had the ability to attain revenue targets (mean=3.95). On the other hand, the division had the capacity to collect debts (mean=3.77). This helped the division to be able to realize the projected revenues to be collected so as to finance the division activities. For any organization to match in performance with the growth and expectations of its clients, it needs to increase its fiscal depth without incurring costly recurring overheads (Gidisu, 2012). There is an increasing need by the government to collect much revenue by way of taxes to face the increasing financial expenditures budgeted by the country.

From the results, the standard deviation result of less than 1 is proof that revenue collection determined service delivery at the division. Likewise, the standard deviation results provided evidence that the results obtained on revenue collection could be applied on divisions and therefore could be generalized on divisions in the country. In line with the qualitative results on revenue collection above, the results from the interviews affirmed that;

> "effective revenue collection was a very important factor in determining the revenue management used by the division".

4.4.2.1 Revenue Collection and Service Delivery

To investigate the effect of revenue collection on service delivery, a Zero-order correlation table was generated. To study the relationship between revenue collection and service delivery, Pearson's correlation test was used and the results are presented in table 4.9 below.

Table 4.8: Revenue Collection and Service Delivery

Variables		Revenue Collection	Service Delivery
Revenue Collection	Pearson Correlation	1	.425**
	Sig. (2-tailed)		.000
Service Delivery	Pearson Correlation	.425**	1
	Sig. (2-tailed)	.000	
**. Correlation is significant at the 0.01 level (2-tailed).			

Source: Primary data, 2016

Table 4.8 shows that, Pearson's Correlation Coefficient revenue collection and service delivery was $r = 0.425$, which was positive with probability value ($p = 0.000$) that is less than $\alpha = 0.01$ level of significance showing a positive relationship between revenue collection and service delivery at the one percent level of significance. Therefore a null hypothesis which stated that revenue collection does not have significant influence on service delivery was rejected and the alternative which stated that revenue collection have a significant influence on service delivery was upheld. This implied that in order to realize effective revenue collection, the management of the division needed to ensure that there is an integrated revenue collection system that supports the revenue management framework currently being used by the division as this will provide a platform on which to delivery public services more efficiently. In support of the findings, Bahl and Bird (2008) showed that local revenue collection rates in general are below their potential and much improvement must be done not only to improve collection, but also to improve the statistics on actual collection.

Of primary importance is to focus attention on the substantial scope for improvement. The lack of collection and enforcement can be attributed to several factors one of which is the lack of apparent political will. Taxpayers and business owners must be convinced to pay their tax obligations. This can be facilitated if they observe improved local services provision and perceive that the taxes and fees are being administered fairly and efficiently (Yatta and Vaillancourt, 2010; Bahl and Smoke, 2003). The first priority, for city administrators therefore, is to improve service delivery since people are always more willing to pay taxes and fees if in return they receive some tangible benefits or services. To improve credibility, local governments must implement strictly the established laws, regulations and procedures, and ensure that the taxes and fees are being administered in a transparent, accountable and fair manner.

Management and operational staff need to ensure that the property tax and business registers are complete and kept up to date, assessments are calculated properly, tax demand notices are distributed, taxpayers are made aware of their obligations and the procedures to pay, and taxes and fees are collected systematically and fairly from all rate payers and businesses (Bahl and Bird, 2008). Effective collection depends on having a well functioning administrative system and motivated staff. Close supervision and improved management of revenue collection can improve the revenue yield and equity of the rating and business licensing system. Transparency in the whole process is essential.

4.4.3 Descriptive Analysis for Revenue Administration

In order to assess the level of agreement and disagreement on the different items used to measure revenue administration in the questionnaire, item mean analysis was carried out. The researcher anchored the responses of the respondents on a five Likert scale ranging from strongly disagree to strongly agree and the results are presented below.

Table 4.9: Revenue Administration

Items	Min	Max	Mean	Std Dev
The taxes imposed on tax payers is equitable	1	5	3.64	.773
There is equal treatment of taxpayers at all levels within the division	1	5	3.34	.692
Assessment of taxes/dues are raised on time and served to the taxpayers	1	5	3.29	.667
The tax payment system is efficient	1	5	3.57	.737
The collection measures used to mobilize revenues are fair to taxpayers	1	5	3.68	.736
The penalties imposed on non compliant taxpayers are fair	1	5	3.60	.657
The taxable population has been effectively segmented so as to mobilize revenue	1	5	3.65	.740
There is proper assessment of tax liabilities	1	5	3.11	.639
There is an effective procedure of handling tax disputes and settlement of objections	1	5	3.54	.668
The revenue administration laws are simple to understand	1	5	3.58	.643
The revenue administration laws are easy to implement	1	5	3.65	.722
The payment procedures for taxes are easily understood by taxpayers	1	5	3.19	.752
The division accounts for all the revenues mobilized	1	5	3.66	.802

Source: Primary data, 2016

From the results in table 4.9 above, the majority of respondents agreed that the collection measures used to mobilize revenues were fair to taxpayers (mean=3.68) and the taxable population had been effectively segmented so as to mobilize revenue (mean=3.65) which is a justification that taxpayer identification helped the division to administrate the revenues effectively. Surrey (1974) contends that the basic administrative procedures include locating the tax payer, checking on tax payer compliance and collection of taxes. In summary suggests three basic tasks of tax administration which are to identify potential tax payers, assess tax on them appropriately and collect the tax that is enumerate, estimate and enforce.

In regard to whether the taxes imposed on tax payers were equitable, there was agreement from the respondents that this was the case (mean=3.64) and that the penalties imposed on non compliant taxpayers were fair (mean=3.60). This is confirmation that revenue administration was important in determining the effectiveness of the revenue management procedures set by the division. Iga (1999) suggested that tax administration comprises of codification and drafting the law, administrative procedures, capable officials and overall management. Thirsk (1991) and Boidman (1983) have argued that sensitization and monitoring and review systems are part of tax administration. From the results the respondents further agreed that the tax payment system was efficient (mean=3.57) and there was an effective procedure of handling tax disputes and settlement of objections (mean=3.54). This is confirmation that the efficient administration of division revenues helped the division to deal with deficiencies in the internal controls.

From the results, the respondents revealed that the division provided accountability for all the revenues mobilized (mean=3.66), the revenue administration laws were easy to implement (mean=3.65) and were simple to understand (mean=3.58). Vezord (1999) asserts that issues such as human resource, business process, information management, tax payers relations and tax policy, and targets should be central and continuing ingredient in the management of tax administration. This is confirmation that the division utilized the mobilized funds to deliver public goods and services while at the same time adhering to the set laws that should be followed. In line with the quantities results on revenue administration above, the results from the interviews affirmed that;

"not really, division being a public entity, revenue administration is done in line with the set local governments policies, rules and regulations and division officers had to adhere to them. Much as some instances the process of revenue administration does not follow the set procedures which undermines service delivery".

Various studies have shown that revenue administration was a means of realizing revenue management in local governments. From the results of the study, one can deduce that revenue administration was paramount in promoting service delivery. Therefore, the management of the division should endevour to follow the set procedures during revenue administration so as to promote improvement in revenue management which will in turn boost service delivery.

4.4.3.1 Revenue Administration and Service Delivery

Correlation analysis was done where by all responses for each variable; revenue administration and service delivery were aggregated into a single index (HRPRA) and (ORGPF) respectively and then Pearson's correlation Co-efficient (r) technique was used to assess the nature and magnitude of the relationship. Table 4.10 gives Pearson's correlation Coefficient for the two variables which include; revenue administration on service delivery.

Table 4.10: Revenue Administration and Service Delivery

Variables		Revenue Administration	Service Delivery
Revenue Administration	Pearson Correlation	1	.341**
	Sig. (2-tailed)		.000
Service Delivery	Pearson Correlation	.341**	1
	Sig. (2-tailed)	.000	
***. Correlation is significant at the 0.01 level (2-tailed).*			

Source: Primary data, 2016

According to table 4.10 above, the correlation results showed a strong significant relationship between revenue administration and service delivery ($r = 0.341$, $p<.01$). Therefore, the management of the division should pay a lot of attention to the effect of revenue administration on service delivery. From the results the respondents revealed that there was some level of revenue administration in the division much as more needed to be done by management so as enhance service delivery in the division. This is supported by the results from the interviews which revealed that revenue administration contributed to service delivery efficiency in the division. This consistent with literature of Namanya (2003) who pointed out that in order to enhance local government revenue, there is need to improve and strengthen accountability to enable tax payer appropriately relate tax paid to service delivery coupled with the strengthening enforcement of laws governing the administration and collection of taxes.

This has been exacerbated by a growing number of residents live in informal settlements characterized by deficient basic services such as housing, clean water, electricity, sanitation, refuse collection, roads, and transport (Devas, 2003) and failure by local governments to raise revenue due to over dependence financial transfers and assistance from the central government (Brosio, 2000). Moreover, local government tax administrations are often inefficient and not able to properly account for revenues collected (Fjeldstad, 2006).

4.6 Regression Model

A regression analysis was carried out to examine the extent to which revenue mobilization, revenue collection and revenue administration as the selected measurements of revenue management determine service delivery. The overall potential of revenue mobilization, revenue collection and revenue administration to explain service delivery, were presented using the regression model in the table below.

Table 4.11: Prediction Model

		Unstandardized Coefficients		Standardized Coefficients		
		B	**Std. Error**	**Beta**	**t**	**Sig.**
1	(Constant)	1.786	.408		4.373	.000
	Revenue administration	.133	.062	.144	2.161	.012
	Revenue collection	.126	.053	.172	2.350	.001
	Revenue mobilization	.311	.072	.315	4.297	.000
Dependent Variable: **Service Delivery**						
R Square = .346						
Adjusted R Square = .321						
Sig =.000						

Source: Primary data, 2016

According to table 4.11, revenue mobilization, revenue collection and revenue administration predict 32.1% of service delivery (Adjusted R Square=0.321). The standard error of the regression provided the absolute measure of the typical distance that the data points fell from the regression line. The standard error of the regression model was used to determine how precise the model's predictions were using the units of the dependent variable. The statistic indicated how far the data points are from the regression line on average. The regression model was significant and thus reliable for making conclusions and recommendations. The most significant predictor of service delivery was revenue mobilization (beta=.315), followed by revenue collection (beta=.172) and then revenue administration (beta=.144). The findings revealed that revenue mobilization and collection were strong predictors of service delivery whereas revenue administration was a weak predictor of service delivery. This means that when the local government puts a lot of emphasis on improving service delivery in regard to value for money attainment, service quality, service accessibility and timeliness, this would cause the much needed service delivery which would in turn result into effective use of Division resources.

4.7 Conclusion

This chapter analyzed the contribution of revenue management on service delivery. The findings indicated that revenue mobilization, revenue collection and revenue administration were strong predictors of service delivery accounting for 32.1% of the change in service delivery in local governments. This provided a basis for chapter five which considered the summary of the findings, discussion, conclusions and recommendations.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the discussion, conclusions, and recommendations arising out of the research findings in chapter four and suggests areas for further study.

5.2 Summary of the Findings

The study sought to examine the effect of revenue management on service delivery in Kira Division. Data was collected by way of a self-administered questionnaire and an interview guide and the data was analyzed with use of the Statistical Package for Social Scientists which was used to present results in tabulations of frequencies, item means, correlations and regression analysis. The majority of the respondents belonged to the 30-39 years age group, whereby the majority of the respondents were male. In regard to period of employment, the majority had had been employed for a period of 3-4 years and were degree holders.

5.2.1 Revenue Mobilisation and Service Delivery

According to the correlational findings of the effect of revenue mobilization on service delivery, the findings revealed a positive and significant relationship between revenue mobilization and service delivery.

5.2.2 Revenue Collection and Service Delivery

From the correlational findings, the findings revealed a positive and significant effect between revenue collection and service delivery. This is indicated that service delivery in the division was determined by management's ability to put in place procedures that promote effective revenue collection.

5.2.3 Revenue Administrative and Service Delivery

The findings validate that, revenue administration was significant in determining service delivery because the findings revealed a significant and positive relationship between the two variables.

5.2.4 Revenue Management and Service Delivery

In line with the regression analysis, the findings revealed that the dimensions of recruitment & selection practices; employee sourcing, attracting and screening predicted employee job performance in banks.

5.3 Conclusions

The conclusions were drawn basing on the research objectives of the study as presented below:

The findings substantiate that revenue mobilization was an essential part of service delivery. This implies that a positive change in revenue mobilization would translate into efficient delivery of public goods and services. This is justification that revenue mobilization was paramount in improving service delivery in the division.

The findings on objective two revealed that revenue collection has a positive significant effect on public service delivery. The positive significant relationship between revenue collection and service delivery is justification that to attain desirable service delivery, there was need to ensure effective revenue collection which would in turn promote favorable revenue management and by so doing improve service delivery.

The findings confirmed that revenue administration was a determining factor of service delivery which is implication that management’s willingness to carry out effective revenue administration during revenue management would enhance service delivery in the division.

The regression analysis findings revealed that revenue management determined the change in the service delivery in the division which was implication that revenue mobilization, collection and administration were paramount in improving the delivery of public services in the division.

5.4 Recommendations

In light of the research findings, the following recommendations are made:

The findings revealed that the revenue mobilization had a significant effect on service delivery. Therefore, the management of the local government should put in place revenue mobilization systems, procedures and structures with guiding policies that promote effective revenue management. This will intensify the division's efforts to generate funds from various sources such as property enumeration and tax assessment in accordance with financial policies and procedures of the division. Likewise, the management of the Division should support accountability of the mobilized funds through delivery of the required public goods and services in the division.

The findings revealed that revenue collection had a significant effect on public service delivery. For this reason, the management of the Division should ensure that there are effective systems of tax collection, assessment and monitoring supported by information between the taxpayers and the division in an appropriate, timely, current, accurate and accessible manner. Likewise, there should be political will in the division to mobilize the communities to participate in budgeting and civic participation as this will enhance revenue collection. Much as this is dependent on the taxes and fees being administered fairly and efficiently. In order to improve the division's credibility, there should be strict implementation of established laws, regulations and procedures, and ensure that the taxes and fees are being administered in a transparent, accountable and fair manner.

From the findings, the significant association between revenue administration and service delivery is evidence that management should focus on codification and drafting the law, administrative procedures, capable officials and overall management in the revenue administration process through continuous review of the division's revenue administration activities and procedures with the aim of ensuring that the controls are effective. This can be done through the basic administrative procedures include locating the tax payer, checking on tax payer compliance and collection of taxes and in turn identify where there are failures to be rectified and also provide recommendations to management for new and improved systems. Therefore, the division should adopt the basic tasks of tax administration which aim at identifying potential tax payers, assessing tax on them appropriately and collecting the tax that is enumerate, estimate and enforce.

5.5 Areas for Further Research

i) The study only focused on revenue management and service delivery in Kira Division. However, other related studies can also be considered such as; revenue management and accountability in local governments; revenue management and financial performance of local governments among others.

ii) The study took a form of a case study but to study the true nature of relationship between revenue management and service delivery, a longitudinal study is more appropriate, service delivery is a complex concept and difficult to measure objectively as it is influenced by a wide range of variables that could be identified for further studies.

iii) A similar study may be carried out on other local governments to assess the association between relationship between revenue management and service delivery.

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APPENDIX I

QUESTIONNAIRE

(Self -Administered Questionnaire for Kira Division Staff)

Dear Respondent,

I am a student undertaking a research as an academic requirement in partial fulfillment for the award of masters of Business Administration of Uganda Martyrs University. The research topic is on "Revenue Management and Service Delivery in Local Governments in Uganda: A Case of Kira Division, Wakiso District. I kindly request you to answer the questionnaires with openness and accuracy. The information you will provide, will be treated with a high level of confidentiality. You do not need to give your name when responding unless if you feel like. The responses you give will be integrated in other responses collected, to give an overall picture on the topic under study. The findings will be used for purely academic purposes by the researcher. If there is any issue you find unclear kindly feel free to get back to the researcher. Thanks for your support and co-operation.

Yours faithfully

……………………………………………………………………….…….

Olive Kajura

Student

Section A: Demographic Characteristics

Fill and tick where necessary.

(a) Gender

Male ☐ Female ☐

b) Highest Level of Education

(i) Master ☐

(ii) Degree ☐

(iii) Diploma ☐

(iv) Other ☐

c) Age of respondent ☐ 20-29 ☐ 30-39 ☐ 40-49 ☐ Above 49

d) How long have you worked for the institution?

(i) Below two years ☐

(ii) 2 - 4 years ☐

(iii) Above 4 years ☐

Section II: Revenue Mobilization

Please tick according to the level you agree or disagree with the statements below. 5- Strongly Agree (SA), 3 – Not Sure (NS), 2 – Disagree (D) and 1 – strongly Disagree (SD)

Items	**SD**	**D**	**NS**	**A**	**SA**
Raising revenue enhances the division to off set it's obligation	1	2	3	4	5
The division entirely depends on revenue mobilized	1	2	3	4	5
There is effective communication during revenue mobilization	1	2	3	4	5
Revenue mobilization laws are easy to implement	1	2	3	4	5
Revenue mobilization procedures are easily understood by division officials	1	2	3	4	5
The revenue mobilization mechanisms are conducive for division officials	1	2	3	4	5
The staff at the division are competent in the area of revenue mobilization	1	2	3	4	5
The targets set by the division on revenue mobilization are usually achieved	1	2	3	4	5
The division staff possess the required public revenue mobilization skills	1	2	3	4	5
The division has a good track record for adhering to revenue mobilization rules, regulations and policies	1	2	3	4	5
The division provides accurate information about the mobilized revenues	1	2	3	4	5
The division plans how the revenues are realized from the public	1	2	3	4	5
The division accounts for all the mobilized revenues	1	2	3	4	5
Sufficient funds are decentralized to the district by central government	1	2	3	4	5
Government transfers are regularly made to the division	1	2	3	4	5
There has been a deliberate attempt to broaden the revenue mobilization base by the division	1	2	3	4	5

Section III: Revenue Collection

Please tick according to the level you agree or disagree with the statements below. 5- Strongly Agree (SA), 3 – Not Sure (NS), 2 – Disagree (D) and 1 – strongly Disagree (SD)

Items	**SD**	**D**	**N**	**A**	**SA**
The division has the ability to attain revenue targets	1	2	3	4	5
Under exploitation of collectable revenue has led to under collection of budgeted revenues	1	2	3	4	5
The division has the capacity to collect taxes	1	2	3	4	5
At the division, potential taxpayers are identified	1	2	3	4	5
Mobility of tax payers to and out of the division affects revenue collections	1	2	3	4	5
The diversity of the division's revenue base is wide enough	1	2	3	4	5
The collection of local revenue is contracted to private firms by the division	1	2	3	4	5
The division has the ability to attain revenue targets	1	2	3	4	5
The division has the capacity to collect debts	1	2	3	4	5
The collection mechanism of revenues is easy to implement	1	2	3	4	5

Section IV: Revenue Administration

Please tick according to the level you agree or disagree with the statements below. 5- Strongly Agree (SA), 3 – Not Sure (NS), 2 – Disagree (D) and 1 – strongly Disagree (SD)

Items	SD	D	N	A	SA
The taxes imposed on tax payers is equitable	1	2	3	4	5
There is equal treatment of taxpayers at all levels within the division	1	2	3	4	5
Assessment of taxes/dues are raised on time and served to the taxpayers	1	2	3	4	5
The tax payment system is efficient	1	2	3	4	5
The collection measures used to mobilize revenues are fair to taxpayers	1	2	3	4	5
The penalties imposed on non compliant taxpayers are fair	1	2	3	4	5
The taxable population has been effectively segmented so as to mobilize revenue	1	2	3	4	5
There is proper assessment of tax liabilities	1	2	3	4	5
There is an effective procedure of handling tax disputes and settlement of objections	1	2	3	4	5
The revenue administration laws are simple to understand	1	2	3	4	5
The revenue administration laws are easy to implement	1	2	3	4	5
The payment procedures for taxes are easily understood by taxpayers	1	2	3	4	5
The division accounts for all the revenues mobilized	1	2	3	4	5

Section V: Service Delivery

Please tick according to what extent you agree or disagree with the statements below. 1-Strongly Disagree (SD), 2-Disagree (D), 3-Not Sure (NS), 4-Agree (A), 5-Strongly Agree (SA)

Items	SD	D	N	A	SA
The staff at the division give undivided attention to people	1	2	3	4	5
Staff always respond peoples' queries whenever they visit the division offices.	1	2	3	4	5
The staff provides adequate explanations where there is an anomaly	1	2	3	4	5
There is accessibility to the offices.	1	2	3	4	5
The staff are always available when needed	1	2	3	4	5
There exists bureaucracy in getting services	1	2	3	4	5
It is easy to get all the information needed from the division	1	2	3	4	5
There is access to all required information	1	2	3	4	5
The division provides services to public as promised	1	2	3	4	5
We keep customers informed about when services will be provided to them	1	2	3	4	5
Services are offered promptly to the public	1	2	3	4	5
The staff readily respond to clients' requests	1	2	3	4	5
Staff give individual attention to people	1	2	3	4	5
The division is always able to resolve public problems	1	2	3	4	5
The division uses modern equipment during service delivery	1	2	3	4	5
It is easy to contact the staff when a service is needed	1	2	3	4	5

APPENDIX II

INTERVIEW GUIDE

1. Describe how revenue management at the division has improved service delivery?
2. How has revenue collection contributed to service delivery at the division?
3. How has revenue administration promoted the delivery of services in the division?
4. How does value for money enhance service delivery at the division?
5. How has service quality contributed to service delivery at the division?
6. In your view, has service accessibility helped improve service delivery at the division?
7. What are the challenges faced by management during service delivery at the division?