

ST. JOHN'S UNIVERSITY OF TANZANIA



MASTER OF SCIENCE IN FINANCE (MSC.FINANCE)

**EFFECTIVENESS OF PUBLIC PRIVATE PARTNERSHIP IN REVENUE
COLLECTION IN LGAs IN TANZANIA: A CASE OF DODOMA
MUNICIPALITY**

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**A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENT FOR MASTER DEGREE OF ST. JOHN'S UNIVERSITY OF
TANZANIA**

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CERTIFICATION

I, the undersigned, certify that I have read and hereby recommend for acceptance by St. John's University of Tanzania a dissertation entitled "*Effectiveness of Public Private Partnership in Revenue Collection in LGAs in Tanzania: A Case of Dodoma Municipality*", in partial fulfillment of the requirements for the degree of Master of Science in Finance of the St. John's University of Tanzania

.....

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DECLARATION

I, **Veronica P. Kundy**, declare that this dissertation is my own original work. It has not been and will not be presented for any other course study. I confirm that appropriate credit has been given where reference has been made to the work of others.

Signature

Date

DEDICATION

This study is dedicated to my lovely husband, Mr. Richard Msacky for his financial, moral and spiritual support in my academic career.

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LIST OF ABBREVIATIONS

AOR	Adjusted Odds Ratios
CCCU	Canterbury Christ Church University
CI	Confidence Interval
DC	District Council
DCED	Department of Community and Economic Development
DMC	Dodoma Municipal Council
EFDs	Electronic Fiscal Devices
FGD	Focus Group Discussion
IMF	International Monetary Fund
LG	Local Government
LGAs	Local Government Authorities
LGRP	Local Government Reform Programme
MSc.Fin	Master of Science in Finance
OPT	Open Tendering Process
PFI	Public Financial Initiative
PPIAF	Public Private Infrastructure Advisory Faculty
PPP	Public Private Partnership
RPA	Railway Procurement Agency
SJUT	Saint John University of Tanzania
SPSS	Statistical Package for Social Sciences
TRA	Tanzania Revenue Authorities
URT	United Republic of Tanzania

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ABSTRACT

The study aims to assess the effectiveness of Public Private Partnership in revenue collection in LGAs in Tanzania a case of Dodoma Municipality. The study specifically identifies policies, laws/bylaws and regulations used by DMC in supervising private revenue collector and taxpayers in revenue collection. The study has as well assessed the private revenue collectors' commitment to tax collection, and their knowledge and attitude towards taxpayers in Dodoma Municipality. Also the study examines the taxpayers' knowledge, attitude and willingness of paying levy through private agent and to find out the relationship between PPP and improvement in revenue collection.

Cross sectional research design was used. Purposive, convenience and simple random sampling techniques were applied to obtain the overall 184 sample size who participated in the study. Data were collected through questionnaires, interview, focus group discussion, observation and documentary review method. The data were analyzed using Statistical Packages of Social Science (SPSS) software.

The main findings of this study reveal that respondents who believed on being trustful in revenue collection through private agents were 4 times (AOR=4.32, CI: 1.20-15.58; P-value \leq 0.025) more likely to report high performance of revenue collectors. Similarly, respondents who said the level of income of the taxpayers was definitely important in determining the amount of tax to be paid were nearly 4 times (AOR=3.76, CI: 1.87-7.58; P-value \leq 0.0001) more likely to report high performance of revenue collectors. The rest of the studied variables such as existence of various laws and regulations, presence of competent staff,

taxpayer's willingness to pay tax, knowledge of taxpayers on paying levy and level of education, were less associated with performance of revenue collectors.

Despite these findings there was no much improvement in the effectiveness of applying PPP in revenue collection in DMC. Therefore it is recommended that the DMC and other stakeholders should review their PPP in tax collection and find measures, including tax education, to promote and improve the performance of tax collectors.

CHAPTER ONE

INTRODUCTION

1.1 Chapter Overview

The present chapter introduces the background information that contextualizes the research problem, statement of the problem, research objectives, research questions, significance of the study, conceptual framework, definition of key terms and finally the summary of the chapter.

1.2 Background to the study

For many years Public Private Partnership (PPP) has been identified as a viable means of effectively addressing constraints of financing, managing and maintenance of public goods and services. PPP enables government to fulfill its responsibility of providing socio-economic goods and services by ensuring efficiency, effectiveness, accountability, quality and outreach of services (URT, 2009).

The concept of PPP entails an arrangement between the public and private entities whereby the private entity renovates, constructs, operates, maintains and manages a facility in whole or in part, in accordance with specified output specifications. The private entity assumes the associated risks for a significant period of time and in return, receives benefits and financial remuneration according to agreed terms. PPPs constitute a cooperative venture built on the synergy of expertise of each partner that best meets clearly defined public needs through the most appropriate allocation of resources, risks and rewards (URT, 2009).

Local Government Reform Programme (LGRP) was formulated through the policy paper of 1996 for the aim of giving LGAs power over all local affairs, improving financial and political accountability and securing finances for better public service delivery (Fjelstad, Katera & Ngalewa, 2008).

The changes in the LGRP and regulatory framework are premised on increasing the revenue for sustainable provision of the quality public services. According to International Monetary Fund, IMF (2004), the new Public Procurement Act No. 7 of 2011 plus its regulations of 2013 provide specific mechanisms on dealing with PPP in the case of revenue collection which refers to the revenue outsourcing arrangements (Fjelstad et al.' 2008).

PPP exists in different perspectives at International, Continental, National or local levels. According to Osborne, (2008) Public Private Partnerships are an increasing aspect of the delivery of public services across the world. The Global perspectives for PPP is due to the assumption that the partnership comprehensively facilitates the realization of democratic objectives, equitable distribution of the resources among and within lower levels to reduce the global poverty levels and improvement in the local service delivery (Fjelstad et al' 2008). United Kingdom (UK) introduced the Private Finance Initiative (PFI), which was the first systematic program aimed at encouraging Public Private Partnerships. The PPP has been adopted by developed and developing. For developed and developing countries PPP has the main responsibility for most infrastructural sectors (Guasch, 2004). In 2005 a new law governing PPP at all levels of government was approved in Brazil where by the statute establishes the rules for tender process and PPP contracts, for the unions and local

governments. Here the law creates a new contractual modality through which a private partner is responsible for the construction and financing of a public asset that supports the provision of a contracted service (Guasch, 2004).

Consequently, in Africa PPP has been the main actor in development process of most countries until the mid 1980s. PPP was the main actor in production and provision of goods and services. From the mid 1980s, following the winds of change in the social, political and economic reforms, the role of public sector in development process has substantially changed in many countries. Its role is mainly that of a facilitator for the private sector-led economic development and growth (Ngowi, 2009). The role of Private sector in bringing about sustainable development in most economies have increasingly being recognized and acknowledged (Ngowi, 2009). Given the changing roles of the Public and Private sectors in the bid to bring about sustainable development in most countries in Africa, it is no longer sustainable for the public sector to continue to own, manage and operate the economy. Efficient and effective production and provision of goods and services should increasingly be left to the hand of private sector (Nkya, 2000)

Private sector led economic growth and development, it is both productive and allocative efficiencies and effective (Ngowi, 2009). The sector is dynamic, creative, innovative and vibrant than a Public one. The use of PPP is inevitable for attainment of sustainable development (Fjelstad, 2004). Therefore there is a need to promote strong, efficient, effective sustainable, dynamic and vibrant PPP for the aim that the private sector can produce and deliver some goods and services which was produced and delivered by the public sector (Ngowi, 2009).

According to Fjelstad and Semboja (2000), PPP's in revenue collection in Tanzania start in 1996, this has been practised in Mwanza city Council where by private agents collect revenue on property tax(flat rate), market fees, livestock auction and abattoir fees, bus stand fees, parking fees, public toilets and solid waste management. On the other hand Dar es Salaam City Council applies PPPs on bus stand and parking fees while in Ilala the revenue from property tax, market fee, public toilets and solid waste were collected by private agents. In Kinondoni MC the areas such as the property tax, market fees, public toilets and solid waste management were collected by the private agent. Kilosa DC revenues were collected by private agents such as market fees and bus stand fees while in Kisarawe DC market fees and forest levies. Finally Moshi DC private agents collect revenue from market fees and parking fees. On top of that, the Councils own staff usually collects property taxes from the valued roll (valued property) and generally from large property owners.

Since 2000 an increased number of Local Government Authorities (LGAs) in Tanzania have adopted tendering system for the collection of different types of taxes (Fjelstad et al' 2008). This is due to the fact that Tanzania is based on Open-Tendering Process (OPT) by following the guidelines provided by the Local Government Reform Program (LGRP) in June 2003 and the public procurement act No.21 of 2011 plus its regulations of 2013 (URT, 2009). The LGRP was meant to enable LGAs to achieve the intended objective of effective service delivery (URT, 2009). PPP contracts can be terminated by considering a number of cases as hinted in the arbitration ordinance Cap.15 of 1931 (Fjelstad et al, 2008).

Literatures have revealed mixed reactions and feelings on the effectiveness of PPP in revenue collection. Therefore the proposed study aims to assess whether PPP has been effective in revenue collection in LGAs in Tanzania specifically in Dododma Municipality.

1.3 Statement of the problem

The system of revenue collection by LGA in Tanzania was one of the most important components of Local Government Reforms aimed at transferring key functions, responsibilities, power and resources from the Central Government to the Local Government Authorities (URT, 2005). Prior to the LGRP 1998, the system was associated with different challenges including collection, monitoring, managing technical problems and highly administrative costs (Ngowi, 2009). Immediately after implementation of LGRP, LGAs were mandated to collect revenues directly from taxpayers through Council's revenue collectors. According to Fjelstad et al' (2008) the system resulted into poor and unfair tax assessments and manipulations between taxpayers and collectors for exemption or less pay, and it was closely linked to corruption and all kinds of negligence at the collection points. Generally the system was not effective in raising revenue to LGAs (Richard, 2009).

In an attempt to rectify the situation, measures taken by LGAs and other stakeholders include introduction of Public Sector to work in Partnership with Private sector popularly known as Public Private Partnership (PPP) (Ngowi, 2005). Local Governments agreed to work in partnership with private (Agents) firms and taxpayers in revenue collection on a temporary contractual basis and reportedly there has been some improvement in revenue collection (Fjelstad et

al' 2008). Despite the adoption and implementation of PPP strategy in tax collection in Dodoma Municipality, it remains unclear and debatable whether PPP has any notable effect in improving collection of revenues in LGA. Moreover, there is paucity of scientific evidence as to what has contributed to improvement in revenue collection in LGAs. Therefore, the purpose of this study is to find out whether the PPP (LGA, Private Agent and Taxpayers) has been a major drive in revenue collection in Dodoma Municipality.

1.4 Research Objectives

1.4.1 Overall Objectives of the study

The main objective of this study is to assess the effectiveness of public private partnership in revenue collection in Local Government Authorities using Dodoma Municipal Council as a case study.

1.4.2 Specific Objectives

The specific objectives of the study are as follows:-

- i. To identify policies, laws/bylaws and regulations used by Dodoma Municipal Council in supervising the private revenue collector and taxpayers in revenue collection.
- ii. To assess the private revenue collector's commitment to tax collection; and their knowledge and attitude towards taxpayers in Dodoma Municipality.
- iii. To examine taxpayers' knowledge, attitude and willingness of paying levy through a private agent in Dodoma Municipality.
- iv. To find out the relationship between PPP and improvement in revenue collection in Dodoma Municipal Council.

1.5 Research questions

In the course of this research the study was led by the following key questions that closely linked to the objectives. The key study questions included:

- i. What are the policies, laws/bylaws and regulations used by Dodoma Municipal Council in supervising the private revenue collector and taxpayers in revenue collection?
- ii. Is the private revenue collector committed to tax collection in Dodoma Municipality?
- iii. Is the private revenue collector having adequate knowledge about taxpayers in Dodoma Municipality?
- iv. What are the private revenue collector's attitudes towards taxpayers in Dodoma Municipality?
- v. Are taxpayers knowledgeable of paying tax through a private agent in Dodoma Municipal Council?
- vi. What is the relationship between PPP and improvement in revenue collection in Dodoma Municipal Council?

1.6 Significance of the study

The study will help the Dodoma Municipal Council to improve its revenue by the use of PPP, and some process and procedures of revenue collection. The study findings will contribute to the theoretical discussion of the subject of privatization of revenue collection and service delivery.

The results of the study will be useful by policy makers as they formulate and evaluate appropriate policies for the purposes of increasing municipal revenue. Also the results will be used on decision making for improving economic and

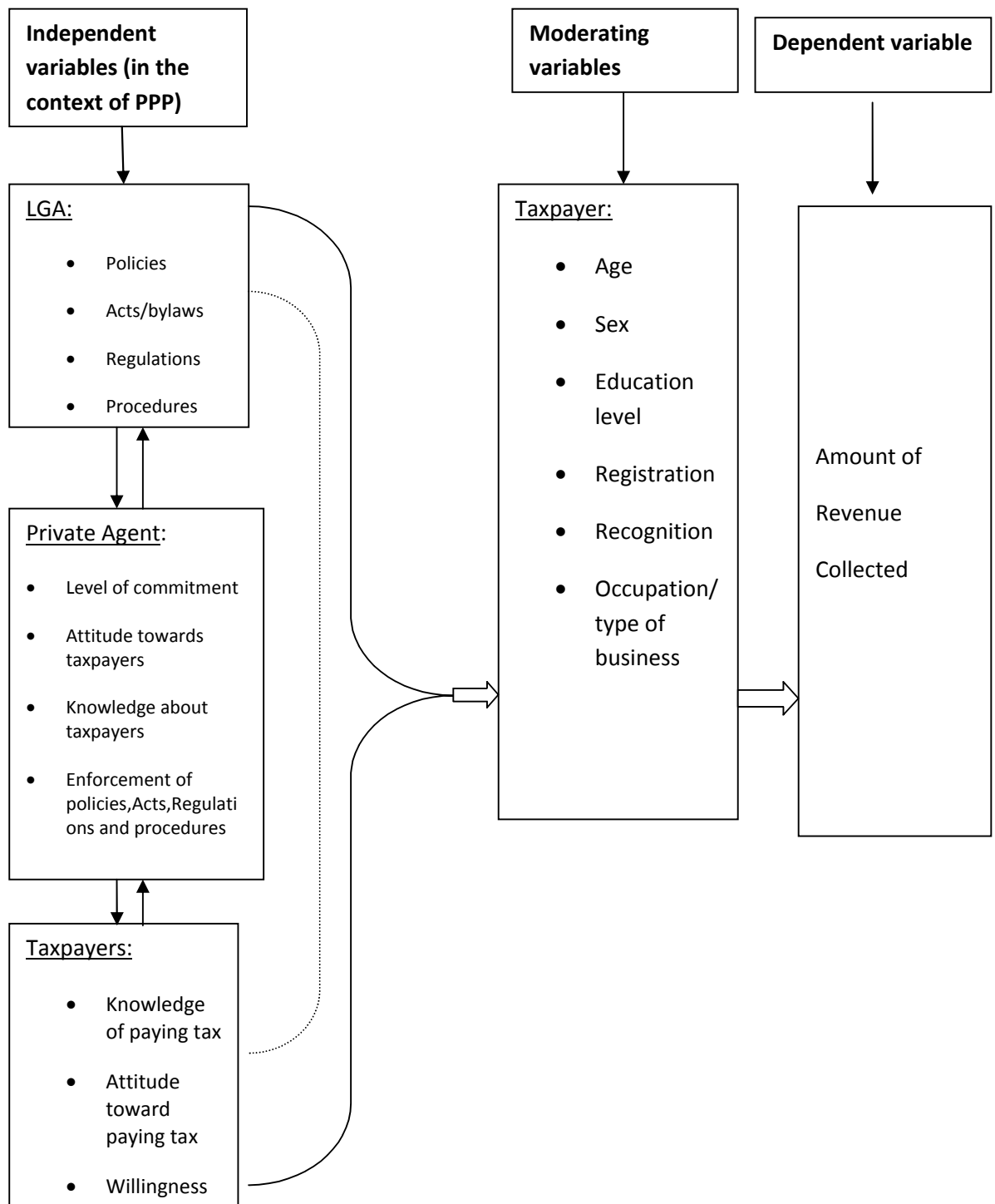
social services and it will be used as a point of reference materials for other researchers who conduct their research concerning the same problem.

Furthermore, the study will benefit all stakeholders include central Government, Local Government, private revenue collecting firms and the general public. This will be done by providing them with insights on cooperate and improve efficiency and effectiveness in revenue collection and how to ensure effective accountability for the revenue which will be collected.

Finally, academicians will be able to find an area for further research related to this study. Also the findings will make a significance contribution to the existing literatures on whether the PPP has improved local government revenue collection in Dodoma Municipality. Upon successful completion of the study, the researcher will qualify for the award of Master of Science in Finance of the St. John's University of Tanzania.

1.7 Conceptual framework

FIGURE 1.1: CONCEPTUAL FRAMEWORK FOR THE STUDY



Source: Partly adopted from Cooper and Schindler (2014).

The Conceptual framework (figure 1.1) postulates that there are relationships that exists between the Principal (LGAs) and the Private Agents in Public Private

Partnership in revenue collection. The figure 1.1 shows that LGA which is Dodoma Municipal Council is interconnected with many interrelated variables such as Independent variables, Moderating variables and Dependent variable. There are a number of variables which influence the amount of revenue collected such as Independent variables which fall under LGA, Private Agent and partly taxpayers.

LGA as an independent variable it plays the role of setting Policies, Acts, Regulations and procedures which the Private Agents should comply with in the wholly process of revenue collection through PPP. Also LGA shows an indirect relationship with taxpayers of emphasize and impacting them with knowledge on importance of paying tax.

Private Agent independent variables are to exercise highest level of commitment that is monitoring, controlling and fulfilling its role of revenue collection so as to be able to submit the required return to LGA and provide services to the taxpayers including favourable working environment.

Furthermore Private Agent should create positive attitude towards LGA. Private agent should build an impression to LGA that a private agent is in a position to monitor, control and collect levy and deliver the required services to the taxpayers as signed in their contracts. On the other hand Private Agent should be in position to persuade taxpayers to build a spirit of trust to the collectors. Also Private Agent should be able to implement the policies, acts, regulations, procedures and any other directives from LGAs in order to facilitate the issue of revenue collection from the taxpayers.

Independent variables falling under taxpayers are knowledge of paying tax, attitude toward paying tax, willingness to pay taxes. Private agent should provide education to taxpayers on importance of paying tax and the amount of levy they pay partly contributes in providing favourable working environment such as cleanliness in the market areas where taxpayers are conducting their business and partly are used by LGA in their recurrent and development expenditures such as creating public goods and other social services.

Willingness to pay tax is another independent variables associated with taxpayers where by Private Agent in correlation with LGA should be in a position to arouse the willingness of taxpayers in compliance with the amount of levy charged. This will be fulfilled in case the taxpayers observed that there are noticeable benefits they receive upon their tax collected.

All these act upon moderating variables such as age of taxpayers, sex, education level, registration and nature of the business. The relationship between independent variables (figure 1.1) lie on the facts that the Agent suppose to work on the best interests of Principal which is LGA and failure to do so may results into conflict of interest between the two parties.

1.8 Definition of the key terms

1.8.1 Public Private Partnership

PPP's has been defined by Fjelstad et al.' (2008) as a range of possible relationships among public and private entities in the context of infrastructure and other services. Other terms used in this type of activity include private sector participation (PSP) and privatization while the three terms have often been used interchangeably, the structure of the partnership should be designed

to allocate risk to the partners who are best able to manage those risks and thus minimize costs while improving performance.

1.8.2 Effectiveness

According to Banner, (1995) Effectiveness is linked with the goals achievement, effective system, clearly strategic constituencies and viable competitive observed that organization effectiveness centres on the achievement of desired goals or ends. In order to measure the performance of an organization one needs to focus on three indicators namely as economy, efficiency and effectiveness (3E's).

1.8.3 Efficiency

According to Allen, Overy and Tan, (2012) Efficiency can generally describe the extent to which time, effort or cost is well used for the intended task or purpose. It is often used with the specific purposes of relaying the capability of a specific application of effort to produce a specific outcome effectively with a minimum amount or quantity of waste, expense or unnecessary effort. Efficient is very much confused and misused with the term effective. In general efficient is a measurable concept, quantitatively determined by the ratio of output to input. It is all about doing the things right.

1.9 Summary

This Chapter describes the Effectiveness of PPPs in revenue collection in LGA in Tanzania. PPP involves a contract between a Public sector Authority and a private party in which private party provide a public service or project and assume substantial financial, technical and operational risk in a project.

The new Public procurement Act No.7 of 2011 plus its regulations of 2013 provide specific mechanisms on dealing with PPP arrangement which refers to revenue Outsourcing arrangements. Revenue collection is regarded as a challenge to several Councils in Tanzania. Local revenue collected within municipalities is not enough to support development activities within the locality and this leads to poor provision of social services like education, health, payment of wages, construction and maintenance of infrastructures like street roads, sanitary and drainage

Local revenue collection is important for the municipality to increase the amount of revenue and reinforce accountability for service delivery, sustainability for operations and maintenance of infrastructure, growth needed for infrastructure investment, equity for local affordability and preferences at local level.

Therefore the study intended to identify policies, laws/bylaws and regulations used by DMC in supervising the private revenue collector and taxpayers in revenue collection. The study assessed the private revenue collectors' commitment to tax collection, and their knowledge and attitude towards taxpayers in Dodoma Municipality. Also the study assessed the challenges faced by revenue collectors. Further, the study examined taxpayers' knowledge, attitude and willingness of paying tax through private agents in Dodoma Municipal Council and finally the study found out the relationship between PPP and improvement in revenue collection. Therefore the next chapter will present the literature review related to this study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Overview

This chapter reviews the related literatures on revenue collection and Public Private Partnership in LGAs. It presents two parts which are theoretical review in which the researcher tried to go through some major issues related to this study and empirical review whereby the researcher critically present and argue in line with what other researchers and practitioners have written in respect to revenue and Public Private Partnership.

The chapter is structured in a logical and clear manner that addresses the literature which related to the title and objectives of the study. Also it considers the research carried out by other scholarly that is related to the research questions. The researcher critically analyzed and synthesized data from the literature, and identified the gaps and challenges in the present scholarly research. The researcher reviewed the the discussion of up to date literatures, historical literature which are relevant in some studies. The researcher reviewed literatures aimed to make a balance and objectives arguments on the base of existing literatures.

2.2 Theoretical Review

2.2.1 Concept of Public Private Partnership (PPPs)

Public Private Partnership is conceptually, collaboration between Public and Private sector Organization in the Public services delivery (Commonwealth, 2003; Sohail, 2003; Buse & Watt, 2002 and Nkya, 2000). There are four main actors which are relevant in PPPs. These are Government, Non-Government

Organization (NGOs), Community based Organization (CBOs) and the Private sector (Ngowi, 2009). However Spackman (2002) explain that Public Private Partnership is the Government service or private business venture which is funded and operated through a partnership of Government and one or more private entity and companies.

PPP involves a contract between a public sector and a private party, in which the private party provides the services or project and assumes all associated operation risk in the project. In some PPP the cost of using the service is borne exclusively by the users of the service and not by the taxpayer. On the other hand other types of PPP such as capital investment is made by the private sector on the basis of contract with Government to provide agreed services and the cost to provide the services is borne wholly or partly by the Government.

According to Allen et al' (2012) there are two fundamental drivers for PPP's. Firstly, PPP claimed to enable the public sector to harness the expertise and efficiencies that the private sector can bring to the service delivery of a certain facilities as services traditionally procured and delivered by the public sector. Secondly, a PPP is structured so that the private sector body seeking to make a capital investment does not incur any borrowing. Rather the PPP is incurred by the private sector vehicle implementing the project (Ngowi, 2009).

According to various scholars the definition of PPPs varies widely between Municipalities. Many public and private officials publicize that public private partnership is a contractual, a franchise relationship of some previously public service to private or non profit entity. In a more general term PPP is an agreement for shared service delivery, which is municipalities joining together,

with private firms or with non profits to provide the services to nation (Cairns, Smith & Thibault, 2014).

2.2.2 Concept of Revenue

Stevenson, (2008: 28) defined revenue as an income received by an organization in the form of cash or cash equivalents. Gregor et al' (2013) defines Revenue as an income that is gained by the Government through taxation. He pointed out that there are different types of tax; the form in which tax revenue is collected also differs. Furthermore, the agency that collects the tax may not be part of Central Government, but may be a third party licensed to collect the tax which themselves will use.

However, Cranial and Clark (2001) defines revenue as earnings from sales, dividends, interest or other operational and expenses so that it can pay on its profit, most local Government received revenues from various sources such as property taxes, fee taxes, fines, market fees etc. Revenue is defined as increase in assets of Governmental funds that do not increase liability or recovery of expenditure. This is obtained from taxes, licences and fees Abdulkadiri (2010). He continues that Revenue is the net gain before subtracting the loss, the money flowing into some Government or administration cash by taxation.

2.2.3 Sources of Revenue

Revenues come from different sources. According to Owelle, (2013) Kenyan government Public revenue originate from different sources such as custom duties, income tax and wealth tax, sales tax, fees, special assessment, price and central excise duty in which the most important of public revenue is taxation. The custom duties are imposed on the imports and exports of a country.

According to Tayebwa (1992) pointed out that the government of Uganda has three main sources of revenue, these include tax revenue, non tax revenue and donations or grants. Taxes serve two purposes as a tool to protect infant industries by idea of tax holidays in order to make them complete with already existing firms and revenue for financing government expenditure. Abdulkadiri (2010) found those Local Government Authorities posses' different sources of revenue such as taxes, licenses, fees and charges.

Ngowi (2005) in Nothern Tanzania emphasizes that the sources of revenue like parking fees include stands for big buses, stands for small buses, taxi and pick-up parking areas and other car parks, solid waste collection and disposal at the Municipal level, Operation of public pay toilets at different corners such as main market, bus stands and other area which provide that service and revenue collection at the markets.

Therefore apart from receiving loans, subsidies and grants the Tanzanian LGAs are also mobilizes their local revenue from their own various sources including property taxes, city service levies, fines and penalties, local licenses and permits, market fees and charges (Abdulkadiri, 2010).

2.2.4 The Need for Public Private Partnership

There is a need for PPP which falls under two fundamental drivers, According to Ngowi (2009) these are: Firstly, PPP's enable the Public sector to harness the expertise and efficiencies that the private sector can bring to the delivery of certain facilities and services which earlier was procured and delivered by the public sector. Secondly, PPP is structured so that the public sector body seeking to make a capital investment does not incur any borrowing. Rather, the PPP

borrowing is incurred by the private sector vehicle implementing the project and therefore from the public sectors view, a PPP is like a balance sheet method of financing the delivery of new public sector assets.

In addition, DCED (2014), Business leaders are increasingly interested in social and developmental issues. They may be interested to invest their own resources in initiatives that would have developmental outcomes, but the risk involved in doing it along may be simply too high, therefore PPP help to minimize risk. In this context, public private partnership can bring about win-win solution where by both commercial and developmental goals are achieved. In addition to job creation and raised incomes, these include a greater availability and choice of improved goods and services at lower prices which will consider lower income earners.

2.2.5 Benefits of Public Private Partnership

According to Public Private Infrastructure Advisory Faculty, PPIAF (2012), PPPs provide alternative sources of finance to traditional Government borrowing. This finance is typically more expensive than concessional loans from multilateral and bilateral institutions, but may help increase investment in infrastructure if the government is otherwise finance constrained, where PPPs are effectively by introducing a targeted tax on service users. Irwin and Timothy (2007) argue that besides potentially expanding finance or funds available for infrastructure investment, Using PPP can improve the outcome of this investment. The real benefits, of PPP can include improved value for money, sustainability and accountability for government investment in infrastructure over traditional public

procurement. Most of these benefits arise from a crucial feature of PPPs in which they have ability to allocate risk between public and private parties.

Harnessing private sector expertise involved a private sponsor through the transaction structure and design process may allow the government access to that sponsors international experience in innovative technology or financial structure (Fjelstad et al, 2008)

Allen et al' (2012) noted that project go through a competitive pricing process, meaning that the cost of public service is benchmarked against market standards. He continued that the timings and costing tend to be more certain and therefore deliver better value for money for the taxpayer through optimal risk transfer and risk management where PPP are not completed to budget, the private sector usually bears the costs. Also payments to the private sectors in PPP projects are usually linked to how they perform, creating incentives and efficiency.

Creation of added value through synergies between public institution and private companies in particular, through the integration and across transfer of public and private sector, skills, knowledge and expertise can lead to innovation and efficiency (Railway Procurement Agency (RPA), 2008). Also effective utilization of the state assets to the benefits of all users of public services can lead to alleviation of capacity constraints and bottlenecks in the economy through higher productivity of labour and capital resources in delivery of projects.

The expertise and experience of the private sector encourage innovation, resulting in shorter delivery times and improvements in construction and facility management processes. Developing these processes leads to best practice and

adds value. Therefore the use of private finance enables the public to have access to improve services now not years away when Government spending programme permits. PPPs are helping the public sector develop a more discipline and commercial approach to infrastructure development whilst allowing them to retain strategic control of the overall project and service.

2.2.6 Levels of Public Private Partnership

According to Ngowi (2009), there are various levels of PPP's management systems and techniques. These are:

- i. Contracting out: this is placing of a contract by a public agency to the external private company
- ii. Franchising: A private partnership takes over responsibilities for operating a service and collecting charges and possibly for funding new investments in fixed resources
- iii. Leasing: Making use of equipments without purchasing but paying a lease.
- iv. Privatisation: Public services is entirely sold to a private co-worker
- v. Management contract: Private Organization takes over responsibility for managing a service to specified normal equipment of public authority
- vi. Affermage: Public authority controls construction and owns the fixed assets but contract out operations, maintenance and collecting service charges.
- vii. Cooperatives: self governing voluntary organizations designed to serve the interest of their members, working in partnership with public authorities.

The most commonly experienced level of PPP is contracting out (Ngowi, 2009). According to Sohail et al' (2003) there is no strict PPPs classification that can be made, because Partnership classification depends on the type of services, the character and strength of the Partners together with the objectives of the PPPs. According to North, (1990); Nkya (2000); and Sohail et al' (2003) partnerships are basically institutional arrangements which constitute rules defining the relationships that manage the partnership roles, responsibilities and accountabilities mechanisms (formal or implied). The overall aim of PPP is to meet Public needs, which would not have been realized without joint efforts.

Though PPPs, the public sector will be able to maintain partial ownership and management services, avoid accusations of wholesale transfer of services delivery to the private sector and at the same time be effective in its role of political accountability to its constituents.

2.2.7 Theories guiding the study

Researches are guided by theories. Highlighting the importance of theory in research Sarantakos (1997: 8) states that theory guides research by providing guidelines and basic assumptions. Theories normally describe and explain a social phenomenon in a logical and interrelated manner. In this research, the study has adopted two theories which are principal agent theory and benefits-received theory.

2.2.7.1 Principal Agent Theory

Principal Agent Theory is a theory which addresses the relationship between two or more parts in a contract. The first part known as Principal in the contract engage another part known as the agent to perform some service. The agent

performs some activities or service on behalf of principal. The relationship involves delegating some decisions and authorities to the agent (Jensen & Meckling, 1976). In this case the Principal is the Dodoma Municipal (LGA) who has entered in a contract with private agent to collect taxes from the tax payers. The principal performs a supervisory role to agents and taxpayers while the agent implement the issue of revenue collection and submit the amount of revenue collected to LGA (Dodoma Municipal) as stated in their contract.

Principal Agent (or Contract) theory provides analytical and conceptual framework to the study tax collection systems (Inversen, 2006). Indeed, contractual perspectives illustrate the two core problems in bureaucratic collection, namely corruption at collection point and the scope for ascertaining the tax base of activity sensitive taxes (Fjelstad et al' 2008). Using a principal-agent approach to the relationship between the Principal that is the Local Government Authority, and the collection agent; the principal's challenge is to design the agreement that reconciles the conflicts of interest between the two parties.

In local tax collection, the contractual choices may be interpreted as a function of control or monitoring capacity of the local Government administrations with bureaucratic, intermediate, and full-pledged tax farming as the main contractual alternatives. Contractual shifts would then results from the change in the underlying monitoring problem (Fjelstad et al' 2008).

Uncertainty about the size of the revenue base is a key aspect of the monitoring problem. Forexample a stable revenue base reduces the difficulty of the monitoring problem and enables the principal to more accurately predict revenue

flows. This makes the verification of the performance of government-employed revenue easier. Many tax base in poor countries are however distinctly sensitive to economic fluctuation. This applies in a particular, to agricultural based revenue bases where the principal will need to distinguish a poor performance by the bureaucratic from collusion and corruption between bureaucratic and taxpayers, and a poor collection result due to a local recession (Fjelstad et al' 2008). It follows those private contractors not only have a greater personal stake in controlling the collectors, but also will be better placed to penalize underperforming collectors.

2.2.7.2 The Benefits-Received Theory

Benefit received theory: Is a theory of income tax of fairness that says people should pay taxes based on the benefits they receive from the government. For this case the provider of service is the one had a contract with the LGA and the receiver of those benefits is the taxpayers (Abdulkadiri, 2010).

This theory comes with an assumption that there is an exchange or contractual relationship between taxpayers and the LGA. The LGA provide a certain goods and services to members of society and they contribute to these supplies in proportion to the benefits received. Here a market relationship is established between the two and therefore, what the taxpayers pay is the fees, the prices and not the taxes in strict sense of the term. Tax refers to a Compulsory payments without *liquor pro quo* (sometimes given or taken as equivalent to another), and this condition are not satisfied in this case. Several problems arise to apply this theory in practice. Since tax burden is to be distributed between taxpayers in proportion to the benefits received by them from LGA activities, the

Authorities have to identify the beneficiaries and measure the benefits derived by them, this however is not an easy task (Bhatia, 2008).

Taxpayers are likely to be willing to pay local taxes where the amounts they contribute can be related more directly to service received (Livingstone & Charlton, 1998). Taxes however may not be the better mechanism to obtain a better relationship between the demand and supply of public services. In principle, user charges can only link the amount paid directly to what a taxpayer benefits.

Positive benefits may increase the probability that taxpayers will comply voluntarily without coercion. Without material benefits, willingness to pay tax become less assured. Although most taxpayers may not assess the actual value of what they receive from government in return for taxes paid, they have general impressions about their terms of trade (Abdulkadiri, 2010). Taxpayers' behavior is therefore affected by their satisfaction or lack of satisfaction with the terms of trade. If the system is perceived as unjust, tax evasion may be considered as an attempt to adjust the terms of trade with government (Fjelstad & Semboja, 2001). Based on this concise review, it shows that satisfaction and fairness motivate taxpayer's willingness to pay taxes.

Therefore among the two selected theories, the first one which is Principal Agency Theory is the best choice to be applicable in the study. It shows good relationship between the LGA who are the Principal and the Agent which is Private Company in the PPP in revenue collection.

2.3 Empirical Literature Review

The researcher is not the first person to have dared to venture in this field of Public Private Partnership in revenue collection in LGAs. Other researcher and scholars have pondered and written on this field of revenue from different perspectives. The scholars have touched various aspects of PPP's in relation to revenue. The researcher will address the literature related to the title and objectives such as supervisory role of LGA in tax collection, strategies and technique used, and challenges faced by revenue collectors, taxpayers knowledge, attitude and willingness of paying levy to private agent and finally relationship that exist between PPP and improvement in revenue collection.

2.3.1 Supervisory Role of LGAs in Tax Collection

According to Kargbo, (2009) from Sierra Leone point out that LGA plays the supervisory role to empower private agents to collect revenue from various sources including property taxes, licenses and market fees and charges. However there is a critical lack of clarity between the law and other legal and regulatory instrument that constraints the effective collection of local revenues. For example LGA empowers local councils to exercise general supervision over chieftom finances while recognizing chieftom as a primary revenue collecting agency.

Study from Masasi DC by Muyoga and Chikongoye, (2011) reported that LGA is responsible to set their own revenue policy within the limits set by central government in which the LGA is responsible to ensure that private agents follow the organization's policies and procedures.

Training and development is another role where by the LGAs are responsible to ensure that private agents and tax collectors have enough expertise to carry out their activities of revenue collection. Furthermore, LGAs provide enough guidance to private agents, often in the form of ongoing coaching and counseling.

Performance management, LGAs are responsible to ensure that the contract descriptions accurately record the primary responsibilities, qualifications and terms for each contract role. Also LGA set performance standards for tasks, jobs, and roles of their private collecting firm. In additional, LGAs provide ongoing feedback about the private agents' performance. LGAs conduct performance appraisal on regular basis, including assessing how the private agent has performed and what they can do to improve their jobs. Furthermore, supervisors provide rewards for private agents accomplishments.

However, the different researcher does not show the involvements of the participants and degree of their involvement. Therefore the researcher will try to explain in depth basing on the tools used to gather the information and who are the key informants in providing that information.

2.3.2 Private Revenue Collectors' Commitment, their knowledge and Attitude toward taxpayers

Muyoga and Chikongoye, (2011) reported from Southern Tanzania that tax collectors are committed in their work of tax collection which involve a creation of a good climate for tax compliance strategy which refers to the activities designed to encourage voluntary compliance with the requirements of revenue

laws and bylaws set by the LGA, such a commitment forms an integral part of any effective compliance part and enforcement.

Fjelstad (2003) argues that there are key elements of an effective tax compliance strategy which include providing education and technical assistance to taxpayers, Building public support and Publicizing success stories.

Providing education and technical assistance to taxpayers lays the groundwork for voluntary compliance. It is revealed that education and technical assistance are essential to overcome barriers of ignorance or inability that otherwise would prevent compliance (Fjelstad, 2003). Education and technical assistance make it easier and more possible for taxpayers to comply by providing information about tax obligations and how to meet them, and by providing assistance to help taxpayers to comply, particularly in the early stages of a new tax or rate. Several types of information and message from tax collectors will have to be communicated to taxpayers such as who is subject to pay a given tax or charge or fee, how much to be paid, when is the tax or fee due and what are the consequences of not complying.

Building public support, this strategy can be a powerful in promoting tax compliance by supporting the creation of a tax ethics culture (Muyoga & Chikongoye, 2011). Furthermore the public can serve as watchdogs that alert officials to non compliance and to foster this, the taxpayers should be educated to conceive the act of paying tax as being ones contribution to public goods. In addition, willingness to cooperate has been found to depend on various variables including effective communication between tax collectors, taxpayers and group identity. It cans therefore being argued that the extent of knowledge

among taxpayers about the use of contribution and provision of public is a relevant factor determining voluntary compliance.

Publicizing success stories is another strategy which can be used to provide incentives for the regulated taxpayers to comply by publicizing information about public goods that LGA has been very successful in providing (Muyoga & Chikongoye, 2011).

However, the previous researcher does not indicate the strategies like transparency, fairness, negotiation, motivations and honest, and how can be exercised to ensure that they obtain the required amount of revenue from the taxpayers at the right moment. Therefore the researcher is going to consider all strategies used by tax collectors in revenue collection.

2.3.3 Challenges facing revenue collectors in collecting levy

According to Richard (2009) noted that just like other policies being introduced, the introduction of private revenue collection scheme has been facing several challenges. According to Toma (1993) private revenue collection illustrates two core challenges namely corruption at the collection points and the scope for ascertaining the tax base of activity sensitive taxes. He observes that corruption is usually based at the top hierarchy of the Local Government officials. This claim though relevant in explaining the fact that inefficiency and ineffectiveness of private revenue collection contradict to the works of other scholars that credit the scheme as being responsible for improving revenue collection. At the same time other scholars have testified that private revenue collection is a basis for curbing all collection weaknesses. This created the need to find out the validity of the two claims.

Svensson (2003) noted that private revenue collection as associated with the challenges of monitoring especially with the intention of curbing all the associated inefficiencies. He further observed that vulnerability to corruption and tax evasion were common features of all tax systems in developing countries and this intensified the burden for monitoring.

High cost of administration has been identified as one of the challenges in revenue collection. In Kilosa DC, the wage bill represented about 80% of total own revenues (URT, 1995). This administrative cost is largely unrecognized by the Local Authorities. The wage bill includes wages, salaries and allowances for staff of the revenue department and the Ward Executive Officers and Village Executive Officers.

On the other hand, Kamuzora (2000) noted that the private collecting agents at Morogoro Municipal Council who were interviewed complained of the following; being less educated and lack of competent is one of the problem facing tax collection. They are collecting taxes in order to cope with unemployment problem and not according to their competences. Lack of transport is another problem facing tax collectors were by they walk a long distance to follow taxpayers and they don't have even a bicycle (Abdulkadiri, 2010)

Taxpayer's education level is also a problem. According to Municipal tax regulation, the voluntary tax payment is from January to June every year and failure to pay on the due date there is a penalty for the late taxpayers from June to December. Many people are not willing to pay that penalty rather they would like to have a penalty in case one fails to pay within the stated year and the clients thought that it is not fair to pay penalty before the end of the year.

According to Muyoge and Chikongoye (2011) financial report from Maasai District comment that, despite certain positive development on the part of Central Government, LGAs in the Country still face a number of setbacks. One such major administrative challenge is the inability to collect fully revenue due to the huge gaps between the reported and projected revenues in the Maasai DC revenue data. The indicator of this inability is due to weak administrative capacity to assess taxes and levies and the to enforce revenue laws and bylaws, taxpayer resistance and low tax morale on the part of the citizens, corruption including embezzment of revenues, external pressures on the local financial department to provide optimistic projections and political pressures on the revenue collectors to relax on the issues of revenue collection (Abdulkadiri, 2010).

2.3.4 Taxpayers Knowledge of paying tax through Private Agents

Sohail et al' (2003) reports that the PPPs concept is still new and in this relative infancy stage of development in Tanzania. This leads to a number of challenges when it comes to the use of the concept public private partnership. They include proper understanding of the concept and its operationalisation by those in various positions in the public and private sector, lack of the needed knowledge, readiness to change and depart from the Orthodox ways of doing things (Ngowi, 2009). It is noted that due to infancy level of knowledge of taxpayers in the PPP may leads to the use of the concept and when it is applied it may be wrongly applied and hence failures.

According to Association of Local Authorities of Tanzania (ALAT) report (2012) says that knowledge of local taxpayers on PPPs in revenue collection is very

low. It is revealed that local tax payers lack sufficient knowledge on what type of products /business are subject to local taxes and the overall administration of the taxes concerned. In some cases, local tax payers are not aware about the payment procedures, timing for payment and even amount to be paid. Related to this is the case where some taxpayers do not precisely distinguish between local taxes charged by the councils and the national taxes charged by the Tanzania National Authority (TRA).

According to Bahiigwa et al' (2006) report on a study in Uganda that private revenue collection firms 100% identified the challenges of lack of sufficient funds to facilitate the collection of revenue. This was further supported by the senior principal town clerk who observed that some of private firms were poorly funded, they only operated on expectations from the 10% commission they are supposed to get out of the total collections as a result, they were unable to acquire facilities necessary for effective performance. For example, they needed strong cars in every part of division.

2.3.5 Taxpayers Attitude Towards Paying Tax Through Private Agents

Fallan (1999) in the study conducted in Nigeria with sample size of 110 respondents, 54.5% explained that if taxpayers are negative about taxation, this can influence their attitude towards paying taxes and Private Agent together with LGA might lose not only revenue but also electorate. Branes (1998) argues that although majority of respondents did not feel it is unfair to pay tax, all of the respondents were of the opinion that waste and corruption in private agent is high. In addition, the majority of the respondents felt that taxes are used by government for meaningless purposes and that the private agents and LGA

does not provide enough information about how they utilize taxpayers' money. The respondents therefore felt that tax rates are too high so it should be reduced.

Eagly & Chaiken (1993), Aljazen, (1993)) reported from South Africa that Attitude are generally assumed to influence compliance behaviour because they signify taxpayers tendency to respond positively or negatively to a particular situation. There is a varied of ways to operationalize and measure attitudes towards taxation starting from general judgements of the government and state (Schmolders, 1960). Ending with moral attitudes towards tax evasion (Orviska & Hudson, 2002) reported that several empirical studies reveal a statistical significant relationship between attitudes and self reported behaviour of paying tax. Furthermore, (Trivedi et al, 2004) argues that because the relationship is weak in most of the studies that attitudes cannot be fully perceived as a convincing substutes for behaviour, results have to be cautiously interpreted.

However other researchers in their work did not shows the sample size and the percentage of the respondents who responds positively or negatively in their study. Therefore, researcher is going to include the number of respondents in his work and the sample size involved in her study.

2.3.6 Taxpayers Willingness to pay tax to Private Agents

According to report by Livingstone and Chalton, (1998) noted that taxpayers are likely to be willing to pay levy to private agents where by the amount they pay are related more directly to service received. Abdulkadiri, (2010) argues that taxes however may not be the better mechanisms to obtain the relationship between the demand and supply services. In principle taxpayers charges can

only link the amount paid directly to what the taxpayers' uses. Richard, (2009) a study conducted in Uganda point out that the positive benefits received by taxpayers may increase the probability of voluntarily compliance to pay tax without coercion. In addition, Fjelstad and Semboja, (2001) argues that without material benefits, willingness to pay tax to private agents become less assured. Although most taxpayers may not assess the actual value of what they receive from private agent in return to taxes/levy paid due to the reasons that they have general impressions about terms of trade.

Malima, (2013) on his report conducted in Tanzania with sample size of 115 respondents, 69 which is equal to 60% of all respondents agree that in order to improve revenue collection LGA should develop the settings that raises the attentiveness and readiness of taxpayers toward returning taxes voluntarily. By considering these results, it shows that 60% of all respondents agreed that there are some measures taken by the government to improve voluntary tax compliance. This signifies the assertion put forward by Malima (2013) and it's evidently that the LGA has taken some efforts to motivate taxpayers in voluntary paying their tax liability in order for it's to improve revenue collections.

However for example the study conducted in Uganda doesn't show the sample size of respondents in his work and not even the percentages of those who are willing to pay and those who are not willing to pay tax through private agent. Therefore in the researcher work will consider all necessary inputs which are missing from previous studies.

2.3.7 Relationship between PPP and improvement in revenue collection

A report by Prest (1992) in Kenya noted that the relationship between taxpayers, tax collectors and LGA in PPP plays an important role in determining the level of revenue collected. There is a need for mutual respect between the taxpayers and tax collectors if taxes are to be collected efficiently and effectively. It was also found out that taxes in most developing countries is more dependent on the cooperation between taxpayers, private agents and LGA which shows the presence of mutual respect between them and resulted into improved tax compliance and increase revenue collection.

In Uganda, political interference has had an impact on revenue collection. In a study on fiscal decentralization in Uganda, it was found out that, PPP in revenue collection is not improving due to some politicians who tend to grant informal tax holidays before elections (MoLG, 2000). This lowers revenue collection to the respective local authority.

Furthermore, in assessing the success of PPP in improvement in revenue collection, it has been argued that although PPP does not offer a quick-fix in terms of increasing revenue and easing administration in general, revenue from adopted PPP sources did actually increase with significant improvement in predictability as well (Fjelstad et al' 2008)

2.3.8 Factors Affecting Revenue Collection

According to Fjelstad, (2004) reports that 51% and 33% of the respondents in Bagamoyo DC and Iringa municipal respectively agreed that tax collectors were dishonest. Part of the factors responsible for less revenue collection in Tanzania

Councils are public resistance to pay, as evidenced by tax evasion and non-payments of fees and charges (LGAs, 2004).

People's perception of fairness of the taxes and their level of satisfaction with the services delivered increases or decreases trust, confidence, legitimacy and accountability and therefore motivate taxpayers to pay. Three dimension of trust seem to affect the citizen's compliance, firstly, trust in the local government to use revenues to provide the expected services. Secondly, trust in the authorities to establish fair procedures for revenue collection and thirdly trust in fellow citizens to pay their share (Fjelstad, 2004).

The willingness to pay is not independent of the way taxes are collected. The coercive element of the taxpayer- tax collectors relationship assumes that taxpayer's behavior is influenced by factors such as the tax rate determining the benefits of evasion, the probability of detection and penalties for fraud which determine the costs (Abdulkadiri, 2010).

Fjelstad, (2003) noted that misuse of the Public funds is also a problem in revenue collection. There is a perception that the revenue collected is not spent on public services. Taxpayers always see a few tangible benefits in return for the taxes they are paid and also the public is provided with limited information on revenue collected, financial allocations and how to report corruption. Higher level of corruption is associated with greater inequality, government legitimacy is also reduced which encourages citizens to avoid paying taxes. For instance, 11% and 41% of respondents in Iringa DC and Moshi municipal respectively saw misuse as unavoidable.

Political pressure is a major hindrance to revenue collection in some Council. Based on data from 14 district councils it was found that there is trust deficit in political administrative relations at the local level in Tanzania (Abdulkadiri, 2010). Some councils experienced conflicts between council employees and local politicians. For instance, a drop in revenues in the 1995 election year was due to the influence of politicians. Politicians from the opposition parties approached taxpayers directly and advised them not to pay taxes since taxes according to their view were used to finance the ruling party Chama Cha Mapinduzi (CCM) (Fjelstad & Semboja, 2001).

The general performance in revenue collection has not been encouraging and there has always been a mismatch between the estimates and the actual collection. A number of reasons can be attributed to this mismatch. In the first place estimates are put at level can not be achieved. Related to this is lack of current and reliable data of tax sources. The capacity to prepare realist estimates and institute cost- effective collection strategies does not exist in most Local Government Authorities. Further an analysis of various new sources and plans for their collection are rarely done, consequently misleading information about revenue collection performance (Mallya, 2000).

Based on this context review, it is concluded that the effectiveness of PPP in revenue collection is influenced by factors that has been studied by previous researchers in many Local Government Authorities in Tanzania such as dishonesty of tax collectors, misuse of public fund, tax evasion, lack of current and reliable data of tax sources and political pressures.

2.4 Research Gap

Government through its policy of PPP is encouraging many actors to participate in various socio-economic activities. The LGAs have a special role in ensuring proper implementation of PPP policy adopted in 2009. One area that PPP could be applied is revenue collection in LGAs. Despite engagement of partners in revenue collection; the supervisory role of LGAs, strategies / techniques and challenges faced by revenue collectors, knowledge, attitude and willingness of taxpayers to pay tax through private agents and relationship that exist between PPP and improvement in revenue collection have hardly been thoroughly studied, and there is paucity of scientific information about PPP in the Dodoma Municipal. The available literatures reviewed do not capture the dynamics of PPP under the new policy adopted in 2009. The reviewed literature also focused on PPP and revenue collection at national level. Such act looking into PPP at national level makes their study too general and complex. In that case the purpose of this study is to fill the gap in the area of PPP and improvement in revenue collection in Dodoma Municipal.

2.5 Summary

This chapter started with theoretical review by defining the key terms of the study for example Revenue and Public Private Partnerships (PPP's). The Principal Agency Theory and the Benefits-Received Theory were adopted. The best theory to researcher among the two is Principal Agent Theory which shows the relationship between the Principal and the Agents. The principal-agent theory has been used to guide the study. The study reviewed other research related to the Public Private Partnership in revenue collection from different perspectives.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Overview

The chapter describes the research design, area of the study and population of the study. This part also explains the sample, sampling procedures, recruitment procedures, sample size and study protocol. In this study the researcher elaborates on data collection methods, validity and reliability, data analysis methods and plan. The researcher also considers Ethical issues relevant to this study and some limitations of the study.

3.2 Research Design

Churchil (1994) defines the research design as a framework or plan for the study used as a guide in collecting and analyzing data. It constitutes the blue print for the collection, measurement and analysis of data (Kothari, 2004). This study used descriptive Cross sectional research design using a Dodoma Municipal Council as a case study. A case study research design is the design that uses specific subjects with common characteristics enough to represent the rest other than studying the entire population (Patton, 2001). Dodoma Municipal Council is used as a case study instead of studying all Municipal Councils in Tanzania. The study design was adopted because it will enable the researcher to dwell on the information from Dodoma Municipality from deduction and generalization over revenue collection in other Municipal Council in Tanzania which applies the same PPP. The research design will adopt both Quantitative and Qualitative data collection methods.

The design therefore, facilitated the acquisition of the most required in-depth information that aided the analysis of the performance of policy reform that saw the Dodoma Municipality enter into a partnership with the private sector in collection of revenue. At the same time, it helped to save time because Dodoma Municipality worked as a case study that will be used to understand the Effectiveness of Public Private partnership in ensuring Local Government (LG) revenue performance.

3.3 Study Setting

3.3.1 Location of the Study Area

The study will be carried out in Dodoma Municipal Council. It is found in central part of Tanzania and located between 6⁰ – 7⁰ South in latitude and 35⁰ - 37⁰ East in longitude. This Municipality is located 486 kilometers West of Dar es salaam and 411 kilometers South of Arusha. It covers an area of 2 669 square kilometers of which 625 square kilometers are urbanized (Mazanda, 2008). The Majengo market was chosen as a sample. The choice of the DMC and the market is because is urban areas and there are a lots of commercial activities which are carried out and are subject to tax collection. Other factors such as time and money constrained the researcher to choose sample from other Municipal Councils. Studies suggest that convenience is an enough reason for someone to select setting for the study (Kothari, 2001). Hence there was possibility of getting data and information.

3.3.2 Population Size

Based on the 2012 National Population and Housing Census, the population of Dodoma Municipality was 410 956, but the projection until the end of year 2014 was 480 615, which is an increase of 17% of the total population.

3.3.3 Social-economic Activities

The Municipality is situated in an economically depressed area. Although it has rich agricultural land, it is affected by harsh semi-arid climatic conditions, and the traditional agricultural methods are still predominant. In the urban areas; the main activities of the residents are commercial activities which include selling of new as well as second hand clothes, food items, shoes and electronic devices, building materials and civil service employment, while in the rural areas; crop farming and livestock keeping are the prime livelihoods (Mazanda, 2008).

3.4 Population of the study

According to Borg and Gall (1989: 213) "Population in research is defined as the entire group a researcher wishes to study or to learn about." The target populations for the study data comprises of District Commissioner, Members of the Council, private revenue collectors, ward Councilors, market officer and taxpayers who are conducting their commercial activities at Majengo market. It excludes those with less than 18 years and those above 80 years. The target population is defined as the group of the informants where by a researcher collect the information and obtained data (Borg & Gall, 1989).

3.5 Sampling procedures/Technique

Sampling is the process of selecting the number of individuals or objects from a population such that the selected group contains element representative of the characteristics found in the entire group (Orodho & Kombo, 2002). A researcher combined a number of sampling technique such as probabilistic and non probabilistic sampling technique.

The researcher key informants were purposively selected. The key informants in this category include: One District Commissioner due to the reason that DC is the overall in charge of the political and economic affairs of the District, two members of the council who are Municipal Mayor and Majengo Ward Councilor who are representing the political will of the people, two Municipal Officials include Municipal Director and Revenue Accountant from revenue department in Dodoma Municipal Council. All these are involved in day to day activities of planning and budgeting of the municipal. Also the study includes market master and market officer because they are the market leaders representing taxpayers to the management. They are among the taxpayer at Majengo market; they handle the taxpayers' problem and make interaction with them every day. Finally one private Agent who has a contract with the LGA. They participated in a tendering process and met the set standard /criteria. This technique was used because it helped the researcher to select only those respondents with ample technical knowledge of the PPP in revenue collection to access technically required information.

On the other hand, taxpayers were selected using convenience sampling technique due to the reason that it relies on data collection from population

members who are conveniently available to participate in study. This sampling method involves getting respondents whenever you can find them and typically whenever is convenient. All taxpayers available were invited to participate to the study where by researcher can stand in one corner of the market and all registered taxpayers are invited to participate in the contest without any discrimination (Winter, 2000).

The simple random sampling technique was used in the selection of private tax collectors. Under this technique, respondents were obtained by using the list of registered names from administrative unit of Private Agent. All names were put in a box shaken well and randomly one name of tax collector were picked after another until the required number of nine (9) was obtained. This technique was used because it had advantages of creating equal chances for all respondents to be selected and to avoid biases (Richard, 2009).

3.6 Sample size

According to Saleemi, (2007), Sample size is the number of observations for calculating estimates of a given population. The overall sample size of 184 key informants and respondents were included in the study. A Convenient sample of 167 respondents was included in the study from the total number of taxpayers from Majengo market. The sample size was retrieved from Cochran's formula for

determining the sample size.
$$n = \frac{NZ_{\alpha/2}^2 pq}{(N-1)e^2 + pqZ_{\alpha/2}^2}$$

Where p = the sample proportion (i.e. the percentage of taxpayers who were involved in the study and $q = 1 - p$ (those who were not involved). The value of p equal to 0.5 which gave the optimal value of the sample size was adopted. N

represents the total number of taxpayers from Majengo market. $Z_{\alpha/2}$ is a constant associated with the confidence level that is being used. The level of significance is 5%; e is the margin of error which is 5%.

$$n = \frac{245 \times 1.96^2 \times 0.5 \times 0.5}{(245 - 1)0.05^2 + (0.5 \times 0.5 \times 1.96^2)} = 150$$

A minimum response rate of 90% was assumed in this study, which implies a non-response rate of at least 10%. Taking on board this response rate, the adjusted sample size n_a was:

$$n_a = \frac{150}{0.90} = 167$$

TABLE 3.1: SAMPLING TECHNIQUE BY CATEGORY OF RESPONDENTS

Key informants	Sampling technique	Number targeted
Area District Commissioner	Purposive	1
Municipal Director	Purposive	1
Revenue Accountant officer	Purposive	1
Municipal Mayor	Purposive	1
Ward Councilor	Purposive	1
Market officer	Purposive	1
Market Master	Purposive	1
Private Agent/Contractor	Purposive	1
Private revenue collectors	Simple random	9
Sub-Total		17
Taxpayers	Convenience	167
Sub-Total		167
Grand Total		184

3.7 Research Method

The study used a Triangulation method in which different methods were combined. Data were collected using both qualitative and quantitative methods. According to Sarantakos (2003), the quantitative methodology involves the use of structured techniques of data collection that allow quantification, measurement and operationalisation using quantitative methods of analysis like statistics. The qualitative method based on the theoretical and methodological principles of symbolic interactions was also used. Thus, the study combined the aspects of both the qualitative and quantitative methods.

The quantitative data were collected from both primary and secondary sources of data. On the other hand qualitative data were obtained from primary sources of data. According to Kombo and Tromp (2006), Primary data this is the information gathered directly from respondents. The information can be collected through interviews and questionnaires. On the other hand secondary data Kombo (2006) adds that is the information that is not collected directly by the user that is researcher. Secondary data involves gathering data that already been collected by someone else. It includes published and recorded down information. The researcher before primary and secondary data collection sought for permission from relevant authorities so as to make the study ethical. For the purpose of objectivity and reducing bias, the researcher used interviews, questionnaires, focus group discussion and documentary review.

3.7.1 Data Collection Methods and Instruments

The researcher used various methods to collect data from different respondents. The methods of data collections were questionnaires, interviews, focus group

discussion, observations and documentary reviews. This study used mixed methods which lead to the collection of quantitative and qualitative data. According to Fisher (2004), multiple methods of data collection have advantage of improving reliability and validity of the study findings.

3.7.1.1 Questionnaire

Questionnaire is an instrument which consists of a number of questions printed in a definite order (Kothari, 2009). The structured and unstructured questionnaires were used to collect data from taxpayers who are always busy with their commercial activities when visited. The questionnaires were administered by delivering it by hand to the respondents after which they were collected back. According to Kothari, (2004: 100), the respondents answered the questions on their own. This approach improves response rate and minimize time for data correction. The advantage of using questionnaire is that the instrument gives respondents' freedom to provide their views in a private setting also facilitate the elicitation of the information from as many respondents as possible. The questionnaires were set English language, in case where the respondent could neither read nor write English then the researcher read the question in a translating Kiswahili language in order for the respondent to be able to provide the response. The sample of the questionnaire is as provided in appendix I.

3.7.1.2 Face to face Interview

According to Gray, (2004) interviewing is an ideal method to obtain primary data relating to peoples' views, knowledge and attitudes. This method was employed to solicit information from Municipal Director, Area District Commissioner,

Revenue Accountants Officer, Municipal Mayor, Market master and market officer who are the key informants in the study. Interview was used because these people are so busy with many administrative works. This method was sought to be effective because it gives an opportunity to ask additional questions for more clarification. If the interview is properly conducted, it can provide a rich source of information. Interview is the most useful way to explore peoples experience (Richard, 2005). The sample of interview guide questions is as attached in appendix II.

3.7.1.3 Focus Group Discussion (FGD)

Focus group discussion (FGD) is defined as a good way to gather together people from similar backgrounds or experiences to discuss a specific topic of interest (Morgan, 1988). In this study the researcher target to use one group focus discussions (FGD), which comprises a Private Agent and tax collectors which make ten (10) key informants. The discussion was held at the Municipal conference hall at time preferred.

The discussion with Private agent and tax collectors helped the researcher to explore the strategies and techniques used in revenue collection in Dodoma Municipal Council. The FGD allowed flexibility and free exposure of information about the challenges faced in revenue collection. All these were accompanied with observation of the facial expressions of the respondents discussion to study the subjective elements including the attitudes of the people towards a reform like the use of Private agents in the PPP in revenue collection. A sample of focus group discussion questions guide is as provided in appendix III.

3.7.1.4 Documentary Review

Documentary review is a process of reading various extracts found in offices, or places dealing with or associated with issues related to what the researcher is investigating (Kothari, 2004). The researcher in this context was able to access some documents related to the study topic. The documentary review enriched this study include LGA financial reports, CAG reports, assessing existing findings, Councilor reports, private agent reports and other documents. This method enabled the researcher to get secondary data. Secondary data are those that are already available and refer to data that had already been collected by someone (Kothari, 2009). This method helped the researcher in providing useful information to support the study findings.

3.8 Data Collection Procedures

The researcher obtained permit and approval for data collection from the Directorate of Research, Consultancy and Postgraduate studies of the Saint John's University of Tanzania. This permit makes the study to adhere to the ethical standards for research. Then the researcher introduces oneself to Dodoma Municipal Council in which a letter of introduction was provided to the researcher.

The obtained letter enabled researcher meeting key informants and respondents. Each respondent was informed about the purposes and nature of the study before given questionnaire/interview in order to elicit the required information from them. The main instrument of data collection was questionnaires. The questionnaires were tested and reviewed twice, in order to make it clear, and answerable. Later on the questionnaires were translated into

local language (i.e. Swahili) for easy understanding and simplicity since few numbers of respondents were assumed can't communicate in English.

Coding of data: The researcher began by assigning numbers to possible answers. The researcher assigned numbers to each likely answer and specify how other responses are to be handled. The major reason for coding is to create codes and scales from the responses which can be summarized and analyzed in various ways.

Information obtained through questionnaire was entered and stored in a computer for easy analysis. The collected data were edited to detect any errors and omission by careful scrutiny of the completed questionnaires or schedules to ensure that data are accurate, consistent with other facts gathered.

3.9 Data Analysis Technique

Data analysis means the computation of certain measures along with searching for patterns of relationships among the data groups. Qualitative and Quantitative data analysis techniques were used in this study. This analysis based on the data and information collected from the field. The main beneficial aspect is that it provides the means to separate out the larger number of confounding factors that often obscure the main qualitative findings (Abeyasekera, 2009).

Quantitative data collected were validated and analyzed by using Statistical Package for Social Sciences (SPSS) version 17. On the other hand qualitative data were transcribed and summarized to supplement quantitative data analysis.

3.9.1 Use of Pearson Chi-square test

Chi-square test is a statistical test commonly used to compare observed data with data we would expect to obtain according to a specific hypothesis (Agrest, 2002).

The Chi-square test was used to assess the association between the opinion on performance of revenue collectors as an outcome variable (dependent variable) and each of the explanatory variables (independent variables) which included social and demographic variables, perception on roles of LGA and roles of agents, knowledge, attitude and willingness of paying levy to private agent, and perception on attributes that determine the amount of revenue collection.

All the associations were tested at $\alpha=0.05$, when the p-value was greater than $\alpha=0.05$ then there was no association between the outcome variable and the respective explanatory variable. However, all the variables which appeared significance with an outcome variable were included for multivariate analysis using the Binary Logistic Regression Model.

3.9.2 Binary Logistic Regression Model

Binary logistic regression model was used to assess the association between opinion on performance of revenue collectors and other categorical variables which showed the significance with an outcome variable during the Pearson chi-square test. This model was used because of the binary outcome which is opinion on performance of revenue collectors (high or low). The following model is the multiple logistic regression model with binary outcome as demonstrated by Hilbe (2009).

$$\ln\left(\frac{p}{1-p}\right) = \beta_0 + \beta_1 x_1 + \dots + \beta_q x_q$$

β = coefficients,

X's = independent variables

3.10 Ethical Considerations

Ethical issues in research involve the Principles designed to guide researchers in planning and conduct of research. It is based on a number of central and important ethical principles which reflects the common standards, values and aspirations of the research community (CCCU, 2006). The researcher used the research clearance form which was obtained from SJUT research Committee.

The researcher considered human participation by focusing on confidentiality. The aspect of confidentiality was emphasized and the findings were secured by code number rather than names of the participants. Also limited access of data to the researcher was considered.

Respondents were informed of the purpose of the study in advance; verbal informed consent was obtained including informing the respondent about time required and benefits of the study. Furthermore, the issue of risk-benefit analysis was taken into consideration. The respondents were notified about possible risks and benefits that might arise in participating in the study.

Apart from that, for privacy purposes the place was considered. A conducive area well prepared to make respondents comfortable was selected. This was prepared to ensure informants freedom and security to talk and give the data to the researcher.

Also dealing with plagiarism references and any other sources have been indicated to show the authenticity and originality of the information. Paraphrasing and direct quotation has also been used for the same purpose.

3.11 Plans for Dissemination of Research Results

The dissemination plan has been designed to disseminate on the findings on effectiveness of PPP in revenue collection in Dodoma Municipality. The study will benefits all stakeholders who are Central Government, Local Government, Private revenue collecting firms and the general public. This will be done by providing them with insights on how to cooperate and improve efficiency and effectiveness in revenue collection, and how to ensure effect accountability for the collected public revenues.

This report is set in form of hard and soft copies. These copies have been submitted to the Directorate of Postgraduate studies at Saint John's University of Tanzania. The dissemination of final report will be mandated by the Director of Postgraduate studies at Saint John's University of Tanzania.

The summary report is also planned to be published in related journals so that academicians and public in general can access it from the websites as a point of reference and a basis for further research in the same field. The parts involved together with concerned authority which is Dodoma Municipal have been provided with a copy of this report.

3.12 Overall Limitations of the Study

To a greater extent the study applied non probability sampling (purposive and convenience) which compromises generalization of the study. Further, due to lack of resources that is time and finance, only one municipal was used and this may not be necessarily representative.

3.13 Methods for Ensuring Validity and Reliability

Validity refers to the extent to which an individual wishes to measure is actually being measured by a particular scale or index (Sirking, 1995), that is the extent to which an account accurately represents the social phenomena to which it refers. According to Cherisher, (2005) it is vital for a test to be valid in order for the results to be accurately applied and interpreted. On the other hand, "Validity determines whether the research truly measures what is intended to be measured or how truthful the research results are" Borg and Gall, (1998: 257). Information about the validity of an instrument or instruments used to measure the outcome of a study is essential to the interpretability of the study (Mages, 2008; Maxwell, 1996). "If a research conjecture can withstand scrutiny by multiple methods its credibility is enhanced greatly" (Shavelson & Towne, 2002: 64).

There are several types of validity which can be used in this study but only two types which are content validity and constructual validity were used. In content validity data collection tools and methods were submitted, shared with an expert in PPP and tax collection. This person goes through the data collection methods and advice the researcher on the methodies. However, in constructual validity questions about PPP and tax collection were created by using English Language. In order to bring consistency the questions were translated in

Kiswahili language. Also questions were constructed in a flow manner, simple and understandable language to encourage understandability.

Reliability of a measure may be defined as a consistency with which repeated measures produce the same results across observes (Walsh, 1990). According to Borg and Gall, (1998: 257) “Reliability is the level of internal consistency or stability of the measuring device over time”. Reliability of the research methods were tested in a pilot study which involved six individuals. Specifically the questionnaire and the focus group discussion guide were pre-tested in the pilot study that involved six individuals. These individuals were similar, in terms of background characteristics, to the respondents who were included in the study. The aim was to ensure that the instructions and the meanings of the questions are simple, clear, and understandable to the research subjects. This helped the researcher to evaluate to what extent respondents understood the questions. Changes of the instruments were made accordingly the inputs of these individuals.

3.14 Summary

This chapter shows how the research was carried out. It includes all necessary procedures which were used in the course of this research. The items which are indicated in the chapter involves research design, areas of the study, sample and sampling procedures, methods of data collection, data collection instruments, methods of data analysis where by the researcher used SPSS version 17 were used to analyze the data, ethical considerations, plans for dissemination of research results, overall limitation of the study and methods of ensuring validity and reliability of data. On the next chapter researcher will concentrates on the research findings from data collected and analyzed.

CHAPTER FOUR

PRESENTATION OF THE STUDY FINDINGS

4.1 Overview

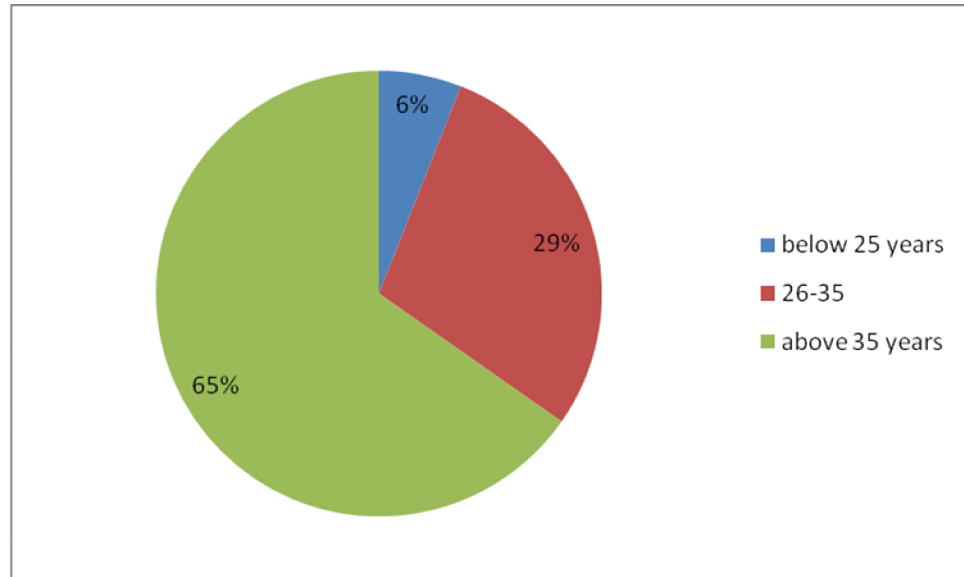
This chapter presents the research findings of the study from the case study area. The findings are mainly divided in two parts. The first part presents the social and demographic characteristics of the studied respondents while second part focuses on the independent variables that were studied in an attempt to address the research objectives. Generally data is presented in a descriptive manner using quantitative and qualitative approach. Most of the data are presented in a charts and tabular form.

4.2 Social and Demographic Characteristic of the Respondents

4.2.1 Age of the Respondents

Figure 4.1 shows that 108.6 (65%) of the respondents were of the age group above 35 years, and 48.4 (29%) were of the age group of 26-35 years. The remaining 10 (6.05%) were of the age of 18-25 years. The study indicated that more entrepreneurial at Majengo market are above the age of 35 years.

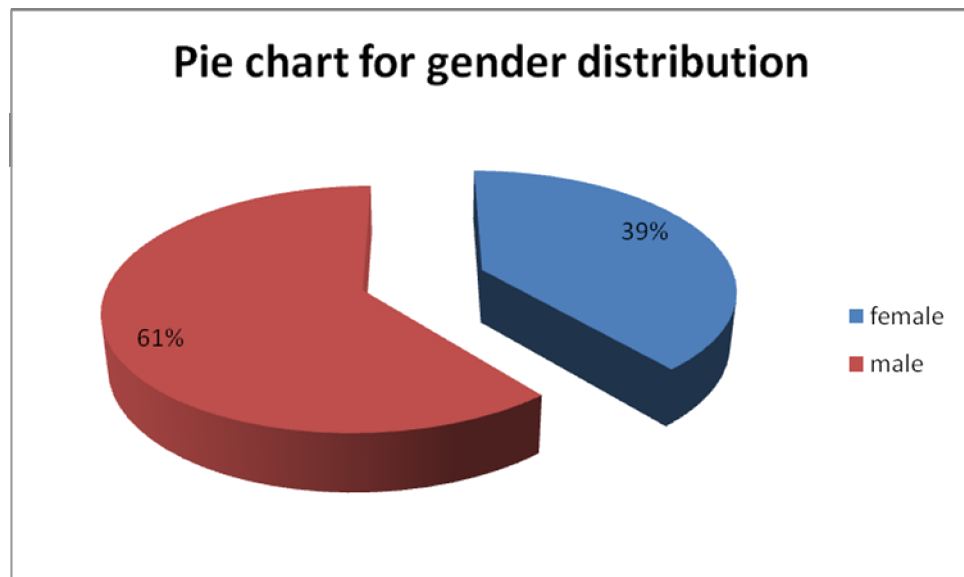
FIGURE 4.1: DISTRIBUTION OF RESEARCH RESPONDENTS BY THEIR AGE



4.2.2 Gender of the Respondents

Among the respondents, it was found that 102 (61%) are male while female respondents were 65 (39%). Since the sample was conveniently selected the study shows that there were more male participants who are doing commercial activities at Majengo market compared to female as figure 4.2 depicts.

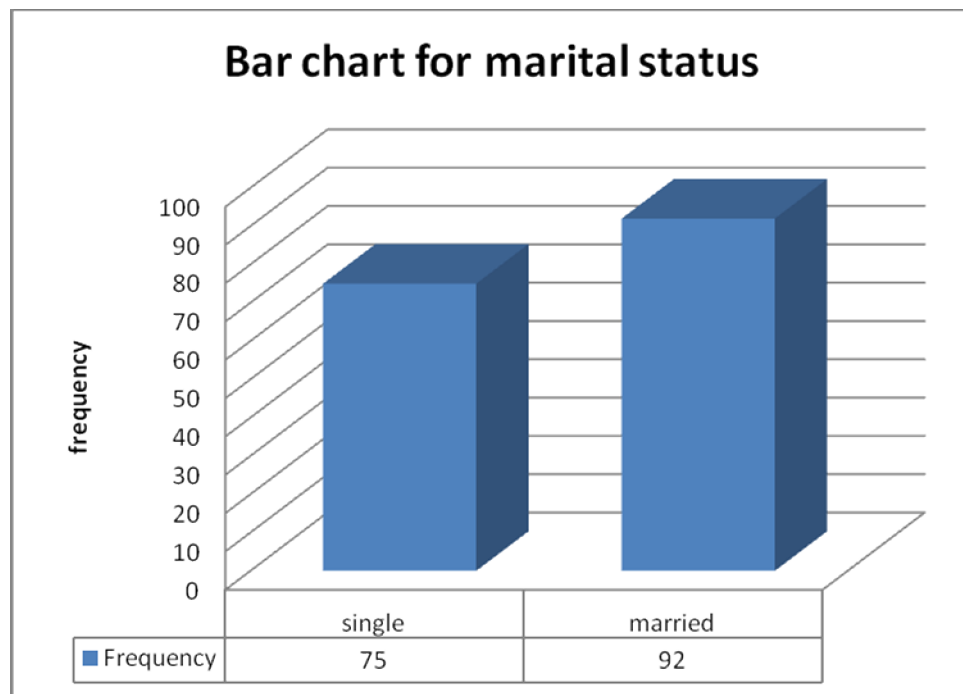
FIGURE 4.2: DISTRIBUTION OF RESPONDENTS BY GENDER



4.2.3 Marital Status of the Respondents

The findings shows that slightly over half (55%) of the respondents were married and nearly (45%) were single that is not married, widowed and divorced. The study found out that there are high proportions of married respondents who are conducting their commercial activities at Majengo market and this is due to the reasons that their involvement in business helps them to earn an income which supports them in providing basic and social services to their families.

FIGURE 4.3: DISTRIBUTION OF RESPONDENTS BY MARITAL STATUS

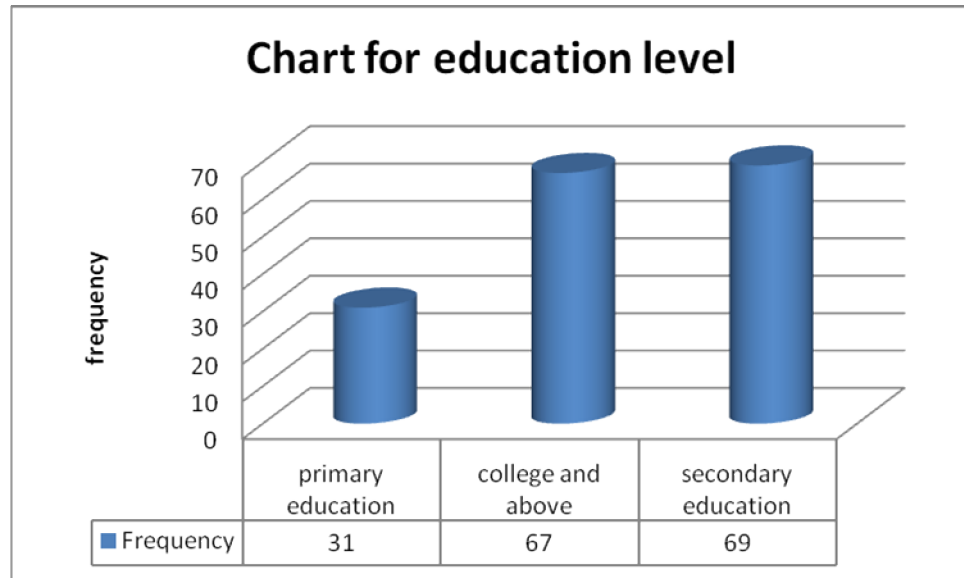


4.2.4 Level of Education of the Respondents

Figure 4.4 indicated that among the research participants, 69 (41.3%) had completed secondary education, 67 (40.1%) had reached college and above and 31 (18.6%) had completed primary education. This indicated that more entrepreneurs at Majengo market had secondary education due to the facts that after completion form four they decide themselves to engage in business

activities to the reason that they have an element of entrepreneurial skills, together with the knowledge acquired in the class they are in a good position to manage and control their businesses.

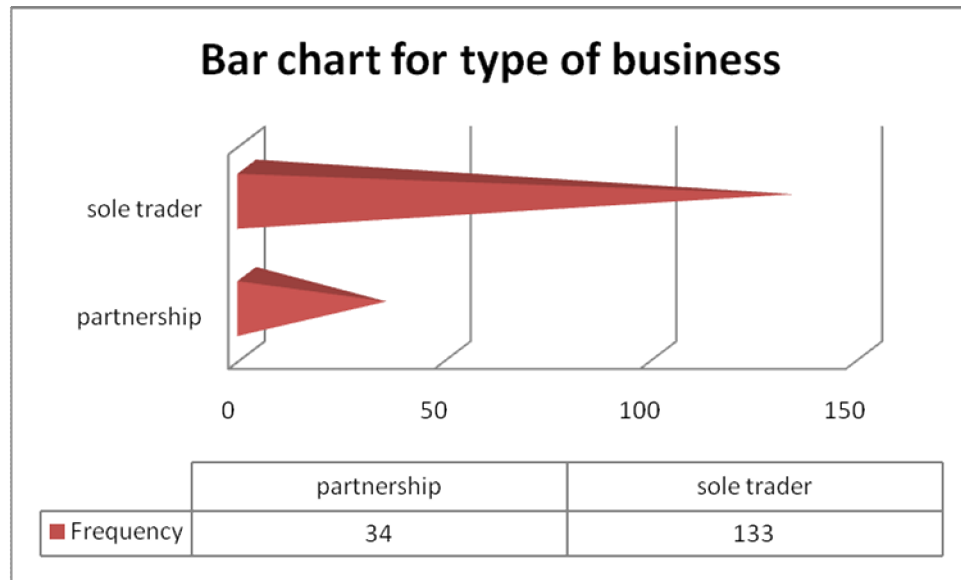
FIGURE 4.4: DISTRIBUTION OF THE RESPONDENTS BY THEIR LEVEL OF EDUCATION



4.2.5 Type of Business of the Respondents

The findings shows that among the respondents who conducted commercial activities at Majengo market, 133 (79.6%) were soletraders while 34 (20.4%) were operating partnership type of business. The findings indicated that majorities (80%) of respondents are sole traders who own small and medium businesses at Majengo market and they bear all the risks and benefits associated with their businesses.

FIGURE 4.5: DISTRIBUTION OF RESPONDENT BY THEIR TYPE OF BUSINESS



4.3 Findings based on Independent Variables

4.3.1 Supervisory Role of LGA in Tax Collection

Supervisory role of LGA is considered to be a fundamental in tax collection. In soliciting information on the objective number one in Appendix I, the supervisory role of LGA in this study were tax education exercised by LGA and setting the amount to be paid by taxpayers. Others were to set policies, laws and regulations to ensure rules are adhered. The respondents were asked to choose the most appropriate correct option which indicates whether they agree or disagree with the supervisory role of LGA in revenue collection.

In trying to triangulate the response given by the research participants' additional information were gathered from LGA employees using an Interview guide (Appendix II) and tax collectors using FGDs (Appendix III).

4.3.1.1 Sensitization programs by LGA tax Officials

Based on the findings from respondents as shown in table 4.1 on the supervisory role of LGA in tax collection, the response shows that 155 (92.8%) most respondents agreed and supported the sensitization programs provided while 12 (7.2%) are not supporting the sensitization programs.

TABLE 4.1: DISTRIBUTION OF RESPONDENTS ON SENSITIZATION PROGRAMS BY LGA TAX OFFICIALS

Response	Frequency (n)	Percentage (%)
Disagree	12	7.2
Agree	155	92.8
Total	167	100

Basing on the findings that were collected by using FGD they supported the responses which were gathered by questionnaire method. One key informant said that sensitization programs exercised by LGA Officials help to increase amount of revenue collection due to the reasons that those taxpayers who suppose to pay market levy but they are conducting their business outside (around) the market which is not an official place for them; they decide to take them inside and provided them with a table and others a room so as to carry out their business and pay the market levy.

4.3.1.2 Setting of the amount to be paid by LGA

The response from the respondents show that slightly over half (53.3%) agreed with the amount which is set by LGA while 68 (40.7) strongly agree. The remaining 10 (6.0%) do not agree with the amount set by the LGA to be paid as shown in table (4.2).

TABLE 4.2: DISTRIBUTION OF RESPONDENTS ACCORDING TO WHETHER THEY AGREE OR DISAGREE WITH THE AMOUNT OF TAX SET BY LGA

Response	Frequency (n)	Percentage (%)
Disagree	10	6.0
Strongly agree	68	40.7
Agree	89	53.3
Total	167	100

Interview findings from Revenue Accountant and Municipal Director said that based on the amount set, the agents is required to adhere to the operating standards within the PPP agreement. In additional the amount to be paid is usually predetermined after conducting a feasibility study so as to be assured on the value /amount to be paid to the outsourced activities so that value for money can be achieved by the private agents in the PPP in revenue collection.

4.3.1.3 Setting of revenue collection procedures / regulations by the LGA

The findings as shown in table 4.3 shows that nearly three quarter of the respondents 125 (74.9%) agree and are supporting the procedures / regulations set by the LGA while 36 (21.6%) respondent disagree. The remaining 6 (3.6%) disagree.

TABLE 4.3: DISTRIBUTION OF RESPONDENTS ON WHETHER THEY AGREE OR DIAGREE WITH REGULATION / PROCEDURES OF LGA

Response	Frequency (n)	Percentage (%)
Disagree	6	3.6
Strongly agree	36	21.6
Agree	125	74.9
Total	167	100

FGD findings were in support with the findings gathered from questionnaires. They even said that LGA they provide them with bylaws and there are qualified personnel who exercise those bylaws and when they have properly followed by taxpayers leads to influence the level of revenue collected by the private agents

4.3.1.4 Compliance with rules, procedures and regulation of paying market levy

The findings indicated in table 4.4, shows that nearly 58% which is 57.5% of the respondents agreed and are in compliance with the rules, regulation and procedures while 57 (34.1%) strongly agree and are abiding with rules, regulation and procedures of paying market levy. The remaining 14 (8.4%) they disagreed.

TABLE 4.4: DISTRIBUTION OF RESPONDENTS BASED ON WHETHER THEY AGREE OR DISAGREE WITH RULES, PROCEDURES AND REGULATIONS OF PAYING MARKET LEVY.

Response	Frequency (n)	Percentage (%)
Disagree	14	8.4
Strongly agree	57	34.1
Agree	96	57.5
Total	167	100

Interview findings from Ward Councilor at Majengo market who was a key informant stated that the Municipal Council always cooperates very closely with the market leaders in facilitating the revenue collection process by the private agents.

4.3.2 Private revenue collectors’ commitment, their knowledge and attitude towards taxpayers.

In attempting to respond to objective two, a questionnaire was used to gather various information from taxpayers. Additional information was obtained through interview to LGAs who were the key informants to the study and FGD with the private agent and tax collectors from the study area.

4.3.2.1 Creation of relationship with taxpayers

Table 4.5 shows that over three quarter (86.8%) of the research participants affirmed the strategies and techniques used by revenue collectors while others which were (13.2%) gave a No response. Accepted by majority that there is good relationship between tax collectors and taxpayers.

TABLE 4.5: DISTRIBUTION OF RESPONDENTS BASED ON WHETHER THERE IS RELATIONSHIP BETWEEN TAX COLLECTORS AND TAXPAYERS

Response	Frequency (n)	Percentages (%)
Yes	145	86.8
No	22	13.2
Total	167	100

Based on findings from FGD with tax collectors and private agent supported that revenue collectors use negotiation technique, guidance and training to deal with taxpayers during collecting market levy which help to create a good relationship between them.

4.3.2.2 Opinions on whether revenue collectors are honest

Table 4.6 represents the findings from the respondents on the opinion of revenue collectors if they are honest. The results indicated that 147 (88.0%) affirmed that revenue collectors are not honest while 20 (12.0%) of the respondents said that revenue collectors are honest.

TABLE 4.6: DISTRIBUTION OF RESPONDENTS ON WHETHER REVENUE COLLECTORS ARE HONEST OR NOT

Response	Frequency (n)	Percentage (%)
Yes	20	12
No	147	88
Total	167	100

Basing on the findings that were generated by using the FGD they were congruent to the information that was generated by questionnaire method. In addition One participant said that revenue collectors are not honest and sometimes they did not submits the required amounts of revenue to private agent according to portion allocated to collect the market levy.

4.3.2.3 Checking whether tax collectors are competent or not

Based on the finding from respondents slightly over half 56.3% strongly agreed that revenue collector are competent and are effectively capable in monitoring and controlling revenue collection while nearly 39 that is (38.9%) agreed. The

rest 8(4.8%) disagree revenue collectors are not competent. Table 4.7 shows the results obtained.

TABLE 4.7: DISTRIBUTION OF RESPONDED BASED ON WHETHER THEY AGREE OR DISAGREE THAT TAX COLLECTORS ARE COMPETENT

Response	Frequency (n)	Percentages (%)
Disagree	8	4.8
Agree	65	38.9
Strongly agree	94	56.3
Total	167	100

4.3.2.4 Challenges faced by Revenue collectors

Based on the findings from the FGD with the private agent and tax collectors, they reported different challenges faced during their process of collecting revenue as identified below. High administration cost was reported as one among the challenges were by sometime private agent failed to submit the agreed amounts to the LGA which is 8 million per month due to high cost of administration. However, tax collectors explained lack of transport as another challenge whereby they walk a long distance in order to be early in the place of work.

Furthermore, taxpayer's resistance and low tax morale were reported to be a challenge and this lead to increase tax evasion as it was noted by some of the tax collectors. Also political pressures which are external forces from some of the LGA members interfere with the process of tax collectors and even influence the taxpayers not to be willingly to pay the charged amount.

On the other hand, Corruption at the collection point was another challenge reported. One tax collector said that some of the taxpayers are corrupting them for the reason not to pay the market charges every time they are buying goods from the distributor/ a farmer. Finally the issue of dishonest was reported to be the big problem in which unfaithful tax collectors can take the money from the taxpayers without providing a receipt to the one who issues such amount of money. This problem of being dishonest leads to the amount of revenue to fluctuate from time to time.

4.3.3 Taxpayers Knowledge, Attitude and Willingness of Paying Levy

This statement was set from objective number three of study so as to solicit information on knowledge, attitudes and willingness of taxpayers in paying levy through private agent. In attempting this question different opinions from the respondents at Majengo market were taken in which research questions were answered in relation to information gathered from taxpayer's questionnaire (Appendix I) part four. Other information was extracted from interview guide with key informants from LGA (Appendix II) and FGD with private agent and tax collectors (Appendix III) were used to answer this question.

4.3.3.1 Opinions on whether they know the Importance of paying tax?

Table 4.8 shows that majority of the respondents (90.4%) affirmed that they had knowledge on the importance of paying market levy while the remaining 16 (9.6%) had no knowledge on the importance of paying market levy.

**TABLE 4.8: DISTRIBUTION OF RESPONDENTS ON WHETHER THEY
KNOW THE IMPORTANCE OF PAYING MARKET LEVY**

Response	Frequency (n)	Percentage (%)
Yes	151	90.4
No	16	9.6
Total	167	100

From Interviewed key informants, One interviewer reported that majority of the respondents at Majengo market seems to know the importance of paying market levy due to the facts that they are not only sources of income to LGA but also they contributes to the provision of public goods and services of a community as a whole. In addition, Personal communication with one taxpayer said that on paying market levy through private agent the benefits received is together with keeping the area clean and immediately removing the waste collected at the dumping area and other places so as to make the environment conducive for taxpayers running their daily activities.

4.3.3.2 Satisfaction with tax Collection System

Based on the findings in table 4.9, response shows that 155 (92.8%) were satisfied with the tax collection system while the remaining 12 (7.2%) were dissatisfied.

TABLE 4.9: DISTRIBUTION OF RESPONDENTS BASED ON WHETHER THEY ARE SATISFIED OR DISSATISFIED WITH TAX COLLECTION SYSTEM

Response	Frequency (n)	Percentages (%)
Satisfied	155	92.8
Dissatisfied	12	7.2
Total	167	100

Based on the findings from interviewed market officer and market secretary said that they are satisfied to work with the private agents entrusted to collect market levy rather than the municipal council. It revealed that private agents are more effective in controlling tax collectors and taxpayers thereby improving the amount of tax collected. In additional they said that private agents are good managers and in case there is any problem they quickly found for the way forward to solve it.

4.3.3.3 Taxpayers perception on the daily/monthly amount charged for their business

Based on the findings from the respondents, as shown in table 4.10, that 70 (41.9%) perceived the amount to be extremely high while 78 (46.7%) affirmed and said they had positive attitude toward the amount they paid daily/monthly and is fair. The remaining respondents 19 (11.4%) said it is unfair. The majority of taxpayers seem to be comfortable with the amount of levy charged everyday.

They said that in case they are running business in that day they are subjected to pay market levy but in case they are not having business in any days and are present or not present at the market place they are not subjected to pay. This is

due to the facts that other types of items in their business activities are seasonal. So you might find a day without any items to sell due to scarcity and other circumstances.

TABLE 4.10: DISTRIBUTION OF RESPONDENTS ON THE FAIRNESS OF THE AMOUNT OF LEVY PAID DAILY/MONTHLY

Perception	Frequency (n)	Percentages (%)
Extremely high	70	41.9
Unfair	19	11.4
Fair	78	46.7
Total	167	100

Based on the findings that were collected by using FGD, tax collectors said that the amounts charged to taxpayers are set by the LGA and the receipts are provided once the payments are made. The charged amount per day is 200 Tshs to every taxpayer who were conducting his/her business there, but in case taxpayers were buying items for sale from the producer/distributor or suppliers each item basing on the quantity are charged different amounts depend on the size of the luggage.

4.3.3.4 Extent of satisfaction with the amount of levy paid

The findings from respondents as in table 4.11 shows that most respondents (90.4%) were satisfied with the amounts of levy charged daily/monthly and were comfortable to continue paying it for improvement of social services and developmental activities while 16 (9.6%) were not satisfied with the amount charged.

TABLE 4.11: DISTRIBUTION OF THE RESPONDENTS ON EXTENT OF SATISFACTION

Level of satisfaction	Frequency (n)	Percentages (%)
Satisfied	151	90.4
Dissatisfied	16	9.6
Total	167	100

4.3.3.5 Level of Income of Taxpayers

The findings shows that nearly 59% which is (58.7%) of the respondents reported that level of income of taxpayers is extremely important in determining the amount of revenue collection, where by 69 (41.3%) said it is definitely important showing that they are sure. The study affirmed that income is a most important factor when earned by taxpayers so as to be in a position of paying the amount charged as a market levy. Table 4.12 depicts the results found.

TABLE 4.12: DISTRIBUTION OF RESPONDENTS BASED ON LEVEL INCOME OF TAXPAYERS

Response	Frequency (n)	Percentages (%)
Definitely important	69	41.3
Extremely important	98	58.7
Total	167	100

Based on the finding from FGD, the participants said that level of income of taxpayers is a very important factor in determining the amount of revenue collection. Also interviewed market secretary said that if the taxpayers' sales turnover is stable or increasing, the tax payers would be in a position to pay market levy everyday.

4.3.3.6 Willingness of taxpayers

The findings as presented in table 4.13 shows that nearly 57% which is (56.9%) of the respondents were definitely important meaning that they are voluntarily willing to pay market levy charged while 47 (28.1%) were extremely important to pay the charged. The remaining 25 (15.0%) said it is important. This implies that taxpayers are voluntarily willing to pay the required amount without any inconveniences.

TABLE 4.13: DISTRIBUTION OF RESPONDENTS SHOWING THE WILLINGNESS OF TAXPAYERS

Response	Frequency (n)	Percentages (%)
Important	47	28.1
Extremely important	25	15
Definitely important	95	56.9
Total	167	100

Findings from FGD supported the findings gathered from questionnaires indicated that majority of taxpayers are voluntarily willing to pay market levy if and only if there is any benefits received upon their contributions.

4.3.3.7 Level of tax Administration

The finding from the respondents show that 73 (43.7%) affirmed that level of administration is definitely important factor to determine the amount of revenue collection while 72 (43.1%) said it is important. The remaining 22 (13.2%) affirmed to be extremely important as the table 4.14. indicated below.

TABLE 4.14: DISTRIBUTION OF RESPONDENTS BASED ON THE LEVEL OF ADMINISTRATION

Response	Frequency (n)	Percentage (%)
Important	72	43.1
Extremely important	22	13.2
Definitely important	73	43.7
Total	167	100

Based on the finding from the interview with Councilor it was found that administration involves level of management which is an extremely important factor to determine the amount of revenue collection due to the facts that you might end up budgeting without considering how to manage the sources of the revenue which give the municipal an income.

4.3.4 Relationship between PPP and Revenue Collection

This statement was set from objective number four in order to solicit the information on the existence of relationship between PPP and improvement in revenue.

4.3.4.1 Opinion on whether PPP has improved effectiveness in revenue collection

Table 4.15 shows that slightly over 40% of respondents reported highly improved relationship while 44 (26.3%) reported very highly improved relationship. The remaining 56 (33.5%) observed improvement in effectiveness of PPP in revenue collection.

TABLE 4.15: RESPONDENTS' OPINION ON WHETHER PPP HAS IMPROVED EFFECTIVENESS IN REVENUE COLLECTION

Response	Frequency (n)	Percentage (%)
Very highly improved	44	26.3
Highly improved	67	40.1
Improved	56	33.5
Total	167	100

The finding from the interviewer at DMC reported that the improvement in the amount of revenue collected through PPP is not so good because other Private agents do not pay in time hence difficult in running the council.

4.3.4.2 Sensitization programs exercised by PPP Officials

The findings from respondents in table 4.16 shows that slightly over 91% agreed and supported the programs provided while 14 (8.4%) disagreed and have not seen any sensitization exercised by PPP officials.

TABLE 4.16: DISTRIBUTION OF RESPONDENTS ON SENSITIZATION PROGRAMS EXERCISED BY PPP OFFICIALS

Response	Frequency (n)	Frequency (%)
Disagreed	14	8.4
Agreed	153	91.6
Total	167	100

4.3.4.3 Opinion on the existence of relationship between tax collectors and taxpayers in improving revenue collection

The response from the respondents shows that slightly over three quarter (71.9%) affirmed definitely important relationship between PPP and improvement in revenue collection while the remaining 47 (28.1%) affirmed important relationship as shown in table 4.17.

TABLE 4.17: DISTRIBUTION OF RESPONDENTS ON THE EXISTENCE OF RELATIONSHIP BETWEEN TAX COLLECTORS AND TAXPAYERS

Response	Frequency (n)	Percentage (%)
Definitely important	120	71.9
Important	47	28.1
Total	167	100

4.4 Findings based on Pearson Chi- Square Test

Pearson Chi-squared test was taken to check the association between variables

TABLE 4.18: ASSOCIATION BETWEEN PERFORMANCE OF REVENUE COLLECTORS AND SOCIAL AND DEMOGRAPHIC CHARACTERISTICS

Dependent Variable →	Revenue Collectors' Performance		
	HIGH	LOW	P-Value
Independent Variables ↓			
Gender Female Male	29 (44.6) 43 (42.2)	36 (55.4) 59 (57.8)	.75
Marital status Single Married	32 (42.7) 40 (43.5)	43 (57.3) 52 (56.5)	.92
Age group Below 25 years 26-35 years Above 35 years	0 (0.0) 20 (41.7) 52 (47.7)	10 (100) 28 (58.3) 57 (52.3)	.014^{***}
Level of education Primary education Secondary education College and above	8 (25.8) 35 (50.7) 29 (43.3)	23 (74.2) 34 (49.3) 38 (56.7)	.06^{**}
Type of business Partnership Sole trader	15 (44.1) 57(42.9)	19 (55.9) 76 (57.1)	.90

^{***} Significance at $\alpha=0.05$, ^{**} included to the multivariate though >0.05

The table 4.18 shows the association between the opinion on performance of revenue collectors and social and demographic variables. Age appeared to be significant with opinion on performance of revenue collectors. All respondents (100%) aged below 25 reported that there was a low performance of revenue collectors. 58.3% of the respondents aged between 26 to 35 years old reported to observe the low performance of revenue collectors while 41.7% of the respondents with the same age reported to observe the high performance of the revenue collectors. Also 52.3% of the respondents aged above 35 years old

reported to observe the low performance of revenue collectors while 47.7% of the respondents with the same age reported to observe the high performance of the revenue collectors. The other variables did not appear to have association with an outcome variable.

TABLE 4.19: ASSOCIATION BETWEEN PERFORMANCE OF REVENUE COLLECTORS AND PERCEPTION ON ROLES OF LGA

Dependent variable →	Revenue Collectors' Performance		
Independent variable ↓	HIGH	LOW	P-Value
Sensitization programs like tax education have always been by LGA tax officials Disagree Agree	6 (50.0) 66 (42.6)	6 (50.0) 89 (57.4)	.62
LGA set the amount to be paid by taxpayers Disagree Agree Strongly agree	0 (0.0) 40 (44.9) 32 (47.1)	10 (100) 49 (55.1) 36 (52.9)	.017***
LGA set procedures/regulations which greatly influence the level of revenue collected Disagree Agree Strongly agree	0 (0.0) 58 (46.4) 14 (38.9)	6 (100) 67 (53.6) 22 (61.1)	.069
LGA ensure that taxpayers are following rules, regulations and procedures of paying market levy Disagree Agree Strongly agree	2 (14.3) 42 (43.8) 28 (49.1)	12 (85.7) 54 (56.3) 29 (50.9)	.06**

*** Significance at $\alpha=0.05$, ** included to the multivariate though >0.05

The table 4.19 shows the association between performance of revenue collectors and perception on roles of LGA. Of all the variables, opinion on LGA to set the amount to be paid by taxpayers appeared to have significant association with performance of revenue collectors. The 100% of those who disagreed that LGA should set the amount to be paid by taxpayers reported to observe the low performance of the revenue collectors. 52.9% of those respondents who strongly agreed that LGA should set the amount to pay for tax reported to observe the low performance of the revenue collectors while 47.1% of those who strongly agreed that amount should be set by LGA reported to observe the high performance of the revenue collectors. Also 55.1% of those who agreed that amount should be set by the LGA reported to observe the low performance of the revenue collectors. Generally, more than 50% of all respondents who commented on the amount to be set by the LGA reported to observe the poor performance of the revenue collectors. The rest of the variables did not show any significance with an outcome (dependent) variable.

TABLE 4.20: ASSOCIATION BETWEEN PERFORMANCE OF REVENUE COLLECTORS AND PERCEPTION ON PRIVATE AGENTS

Dependent variable →	Revenue Collectors' Performance		
Independent variables ↓	HIGH	LOW	P-Value
Does the revenue collectors create good relationship with taxpayers Yes No	66 (45.5) 6 (27.3)	79 (54.5) 16 (72.7)	.107
Are revenue collectors through private agents considered to be honest Yes No	4 (20.0) 68 (46.3)	16 (80.0) 79 (53.7)	.026***
Private agent has competent staff to collect the revenue Disagree Agree Strongly agree	2 (25.0) 30 (46.2) 40 (42.6)	6 (75.0) 35 (53.8) 54 (57.4)	.52

*** Significance at $\alpha=0.05$

The above table 20 shows the association between performance of revenue collectors and perception on private agents. The opinion on honest of the revenue collectors through private agents appeared to be significance with the opinion of the respondents on performance of the revenue collectors. Despite that 80.0% of the respondents agreed that there was honest of private agents on revenues collection yet they reported to observe the low performance of the revenue collectors. 53.7% of the respondents who reported to observe the dishonest of the private agents commented to observe the low performance of the revenue collectors. The rest of the variables appeared to have no association with an outcome variable.

TABLE 4.21: ASSOCIATION BETWEEN PERFORMANCE OF REVENUE COLLECTORS AND KNOWLEDGE, ATTITUDE AND WILLINGNESS OF PAYING LEVY TO PRIVATE AGENT

Dependent variable →	Revenue Collectors' Performance		
	HIGH	LOW	P-value
Independent variables ↓			
Do you know the importance of paying levy No Yes	4 (25.0) 68 (45.)	12 (75.0) 83 (55.0)	.12
Are you satisfied with the tax collection system Dissatisfied Satisfied	0 (0.00) 72 (46.)	12 (100) 83 (53.5)	.002***
How do you perceive the amount of levy/charge you pay for your business per month Extremely high Fair Unfair	35 (50.0) 30 (38.5) 7 (36.8)	35(50.0) 48(61.5) 12(63.2)	.309
To what extent are you satisfied with the amount of levy you pay Dissatisfied Satisfied	6 (37.5) 66 (43.7)	10 (62.5) 85 (56.3)	.63

*** Significance at $\alpha=0.05$

The table 4.21 shows the association between the performance of revenue collectors and respondents' knowledge, attitude and willingness of paying levy to private agent. The satisfaction status of the tax collection system showed significance with opinion of the tax payers on performance of the revenue collectors. All (100%) the respondents who were not satisfied with the system of the tax collection reported to observe the poor performance of the revenue collectors. More than 50% of the respondents who were satisfied with the system of the tax collection still reported to observe the poor performance of the

revenue collectors. The rest of the variables did not appear to have significance with an outcome variable.

TABLE 4.22: ASSOCIATION BETWEEN PERFORMANCE OF REVENUE COLLECTORS AND PERCEPTION ON ATTRIBUTES DETERMINE THE AMOUNT OF REVENUE COLLECTION

Dependent variable	Revenue Collectors' Performance		
Independent variables	HIGH	LOW	P-value
Level of income of tax payers Extremely important Definitely important	31 (31.6) 41 (59.4)	67 (68.4) 28 (40.6)	<.0001***
Willingness of tax payers Important Extremely important Definitely important	30 (41.7) 12 (54.5) 30 (41.1)	42 (58.3) 10 (45.5) 43 (58.9)	.51
Level of tax administration Important Extremely important Definitely important	15 (51.7) 24 (37.5) 33 (44.6)	14 (48.3) 40 (62.5) 41 (55.4)	.41
Existence of various act Extremely important Definitely important Important	21 (44.7) 10 (40.0) 41 (43.2)	26 (55.3) 15 (60.0) 54 (56.8)	.93

*** Significance at $\alpha=0.05$

The above table 4.22 shows the association between opinion on performance of revenue collectors and perception on attributes which determine the amount of revenue collection. Opinion on the level of income of the tax payers appeared to show highly significance with the opinion on the performance of the revenue collectors. 40.6% of the respondents who believed that it was definitely important to pay tax based on your income reported to observe the poor performance of the revenue collectors. Also 68.4% of the respondents who believed that it was extremely important to consider the income of the taxpayers

reported to observe the low performance of the revenue collectors. The rest of the variables showed no significance with an outcome variable.

TABLE 4.23: ASSOCIATION BETWEEN PERFORMANCE OF REVENUE COLLECTORS AND OPINIONS ON PPP CONTRIBUTION IN IMPROVING REVENUE COLLECTION

Dependent variables →	Revenue Collectors' Performance		
Independent variables ↓	HIGH	LOW	P-Value
What is your response to the view that PPP has improved accountability, efficiency and effectiveness in revenue collection Very highly improved Highly improved Improved	16 (36.4) 34 (50.7) 22 (39.3)	28 (63.6) 33 (49.3) 34 (60.7)	.25
Sensitization programs exercised by PPP officials in an attempt to maximize revenue collection Disagree Agree	4 (28.6) 68 (44.4)	10 (71.4) 85 (55.6)	.25
How important the relationship between tax collectors and taxpayers in improving revenue collection Definitely important Important	55 (45.8) 17 (36.2)	65 (54.2) 30 (63.8)	.26

The table 4.23 shows the association between opinion on performance of revenue collectors and opinions on PPP contribution in improving revenue collection. Neither of the above variables showed the significance with an outcome variable. This implies that taxpayers did not see the contribution of the PPP on the performance of the revenue collectors.

4.5 Findings Based on Binary Logistic Regression

The variables identified to have association during chi squared test were taken for the binary logistic regression.

TABLE 4.24: BINARY LOGISTIC REGRESSION FOR COVARIATES AND THEIR CORRESPONDING P-VALUES AND ADJUSTED ODDS RATIOS

COVARIATES	P- value	AOR, CI
Level of education Primary education Secondary education College and above	0.063 Reference 0.010	0.48(0.22-1.04) Reference 0.26(0.09-0.73)
LGA ensure that taxpayers are following rules, regulations and procedures of paying market levy Disagree Agree Strongly agree	0.108 Reference 0.294	3.97(0.74-21.24) Reference 2.41(0.47-12.40)
Are revenue collectors through private agents considered to be honest Yes No	0.025 Reference	4.32(1.20-15.58) Reference
Level of income of tax payers Extremely important Definitely important	Reference <.0001	Reference 3.76(1.87-7.58)

Those respondents who had secondary education were 4 times less (AOR=0.26, CI: 0.09-0.73) of reporting to observe the high performance of revenue collectors as compared to those who studied college and above. Those respondents who believed to be honest in revenue collection through private agents were 4 times more (AOR=4.32, CI: 1.20-15.58) of reporting to observe the high performance of revenue collectors as compared to those who did not trust the private agents in revenue collection. Those respondents who said the

level of income of the taxpayers was definitely important in determining the amount of tax to pay were 4 times more likely (AOR=3.76, CI: 1.87-7.58) of reporting to observe the high performance of revenue collectors as compared to those who said it was extremely important to know the income level of the taxpayers in order to determine the amount required to pay for the tax.

4.6 Summary

The study attempted to ascertain the effectiveness of PPP in revenue collection. Data were analyzed quantitatively with the use of SPSS version 17, and then Pearson chi-squared test was taken to check the association between variables. The identified variables with association were taken for the binary logistics regression so as to obtain the AOR and CI.

The study comes up with three key findings which appeared to show significance between independent variables and dependent variable (performance of revenue collectors measured by high or low). These are opinion on LGA to set the amount to be paid by the taxpayers appeared to have significant association with performance of revenue collectors and the level of income of taxpayers appeared to show highly significance with the opinion on the performance of the revenue collectors. Also opinion on honest of the revenue collectors through private agents appeared to be significance with the opinion of the respondents on performance of the revenue collectors. Other variables had seen not to have significant association with performance of revenue collectors. The next chapter will include the discussion, conclusion and recommendations.

CHAPTER FIVE

DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Overview

This chapter presents summary of discussion of the findings obtained from the study, Conclusion and recommendations. In the part of discussion the researcher has tried to relate the major objectives with the literature review.

5.2 Discussion of the Findings

The foregoing chapter four has shown the analysis of data in respect to the Effectiveness of Public Private Partnership in revenue collection a case of Dodoma Municipal Council. In the analysis several findings were made. Some of the findings supported those of previous researchers. The discussion in this section has been guided by the objectives that are mentioned in chapter one.

5.2.1 Supervisory Role of LGA in Revenue Collection

The findings affirmed that LGA has a greater involvement in PPP concerning the issue of revenue collection. It also indicated that supervisory role performed by LGA has an effect on overall revenue performance; something that made the respondents rate the question of sensitization programs like tax education, the amount set by LGA to be paid by taxpayers, procedures/regulation which greatly influence revenue collected and rules on paying market levy showed agreed and strongly agreed to abide with them. It was found out that revenue collection through PPP is always increasing as a result of rules, regulations, procedures, fair amount charged and sensitization program always exercised by LGA in PPP.

In comparison with the results of a study by Jackrine (2012) in Kenya that used a simple random sampling with sample size of 35 respondents. The study has been supported by 50% of the respondents that review programs on benefit of paying tax which had been exercised by LGA tax officials helped taxpayers to be aware and cooperate very closely with tax collectors so as to ease their work of revenue collection.

Furthermore the amounts set by LGA, Mugerwa (1990) from Uganda explained that slightly over half (56.7%) of the respondents agree that taxpayers usually adhere to payment of the amount of tax levied on them due to the facts that the amounts charged is fair and every taxpayers who is running any business and earn an income is in a position to pay such an amounts.

Also the finding in this study on the role of LGA in tax collection through PPP corresponds with the study of Thursk (1991). In his study Thursk explained that revenue collection procedures, policies and regulations truly influence the level of revenue collection. In that respect it is the role of LGA to ensure that taxpayers adhere to revenue policies. Similar findings were reported by Fjelstad (2004) when he found that market levy is determined by many factors including revenue collection policy, tax base and tax administration procedures

However a study by Iga (1999) demonstrated a contrary finding to those of Fjelstad et al' (2008). The study added that LGAs do not have any effect on the level of revenue collection due to the issue of corruption and personal interests of some tax collectors.

Similarly a study conducted in Uganda by Richard (2009) demonstrate that 56.7% taxpayers do not accept that having a number of sensitization programs in itself led to increase revenue collection.

Despite the findings from respondents showed that LGA plays a big role in PPP in revenue collection; the statistical analysis depicts only one dependent variable (Revenue collectors' performance) which shows the association between the independent variables (LGA set the amount to be paid by taxpayers). However, due to sampling techniques adopted, variations can partly be contributed by social, cultural and economic-environmental areas where by the study was conducted.

5.2.2 Private Revenue Collectors' Commitment to tax Collection, their knowledge and attitude towards taxpayers.

In the study it was found that the strategies and techniques which are mostly used by tax collectors in collecting market levy are creation of good relationship, element of transparency and honest, negotiation, presence of competent personnel and motivation approach. These mostly used strategies and technique by revenue collectors are consistent with the findings of the previous researchers. Venatius (2013) from Ghana in his study findings reveals that there were effective communication and enforcement activities which help to create a good relationship between the taxpayers and the tax collectors in revenue collection. This can be justified against the facts that there is daily interaction and interface between the revenue collectors for the private agent and the LGA revenue officers who are in charge of receiving monthly accounts from private agents.

The study findings by Richard (2009) from Uganda reported that revenue collectors through private agents in the PPP are not honest and transparency. 80% confirmed by taxpayers and other stakeholders to be dishonest due to the facts that revenue collectors sometime do not submit the expected amounts according to the allocated portions.

In addition Webber and Wildavsky (1996) noted that the issue of corruption has been reported, proving that tax collectors are not honest and transparency in their duty of revenue collection through PPP.

Furthermore Galal and Shirley (1994) from Columbia added that agents use the strategies of adequate human resources who are competent with appropriate skills to deliver the required services of revenue collection and this was been supported by majority of taxpayers who strongly agree at 77% and argues that PPP is in a position to provide training field to incompetent tax collectors as a way of motivating them to be accountable, efficiency and effectiveness in their daily routine of revenue collection.

Unlike the study which was conducted by Fjelstad and Togoderm (2003) reported that most of the respondents agrees there were lack of transparency during PPP in revenue collection.

However the focus rather need to be placed on introducing efficiency and effectiveness personnel in revenue collection by combining technology like Electronic Fiscal Devices (EFDs) and the available personnel, this can be achieved by innovation in job scheduling and introduction of technology which will help to eliminate fraud in revenue collection.

Similar findings which is contrary to the study is reported by Savas (2000) who found out that 85% of the respondents noted that the techniques of bad work ethics, poor human relations and low education background of some revenue collectors including poor communication skills with taxpayers in relation to revenue collection.

Therefore in order for the efficiency and effectiveness in revenue collection, there is a need to use EFDs strategies in collecting revenue through PPP so as to minimize the uncertainty such as dishonest of some revenue collectors and corruption.

5.2.2.1 Challenges facing Revenue collectors

The findings from FGD with private agent and tax collectors supported the presence of different challenges which were facing revenue collectors. The issue of high administrative cost, lack of transport to tax collectors, low tax morale to taxpayers, corruption and dishonest were the main challenges reported. This finding concurs with the findings of Richard (2009), URT (1995), Toma (1993), Abdulkadiri (2010) Svensson (2003) and Kamuzora (2000).

Experience from Uganda and other East African countries which made the use of PPP in revenue collection noted that corruption in revenue collection was usually exercised by the top hierarchy of the local government officials during the time of issuing a tender. This lead to inefficiency and ineffectiveness of some of the revenue collectors and it contradicted the work of other scholars who credited the scheme as responsible for improving revenue collection (Richard, 2009 & Toma, 1993).

Furthermore the findings was corroborated with URT (1995) were by high costs of administration has been identified as one of the challenges in revenue collection. Abdulkadiri (2010) reported a problem of transport as another challenges were by revenue collectors walk a long distance and sometimes being late to start their work due to the lack of means of transport which can facilitate their work in revenue collection.

Svensson (2003) pointed out that uncooperation and tax evasion were common features of all tax collecting system in developing countries and this intensified the burden for monitoring by tax collectors and agents. Kamuzora (2000) in his study conducted in Morogoro explained that tax collectors being less educated and lack of competent were reported to be a major problem due to the facts that they are collecting taxes in order to cope with life situation and not according to their competences.

Therefore education should be provided to tax collectors on the impacts of corruption and other irregularities which interface with the tax collection system.

5.2.3 Knowledge, attitude and willingness of paying levy to private agent

The findings affirmed that taxpayers has knowledge, positive attitude and are voluntarily willing to pay market levy through private agent in the PPP in revenue collection. It have been noted that taxpayers are aware on the importance of paying market levy and they are satisfied with the tax collection system. Also amount charged daily are extremely fair and level of income, willingness of taxpayers and level of tax administration are definitely important factors that determine the amount of revenue collection.

The findings concurs with the study of Abdulkadiri (2010) in Tanzania who has been supported by majority of the respondents at 79% who revealed that they had knowledge on the importance of paying tax through private agents and commented that taxes /levy are paid for national development, to increase national income and improve social services.

On top of that Bahiigwa et al' (2006) in Uganda reported that most of the respondents in his study were strongly satisfied with the process of collecting tax through private agents due to the reason that private company are the good manager in monitoring, control and allocation of the resources.

Richard (2009) in his study conducted in Uganda point out that the positive benefits received by taxpayers may increase the probability of voluntarily compliance without any coercion.

Furthermore the findings by Aljazen (1993) from South Africa reported that attitude are generally assumed by most of the respondents at 69% to influence compliance behaviour because they signify respondents tendency to respond positively to a situation of revenue collection through private agent.

The findings of this study are constrained with the report by ALAT (2012), who explained that the knowledge of taxpayers on PPP in revenue collection is very low. They argues that taxpayers lack sufficient knowledge on what type of products/ business are subject to local taxes and the overall administration of the taxes concerned.

Therefore in future research there is a need to look for other approaches or to learn from other countries the things which lead to taxpayers' compliance in paying tax without any coercion.

5.3 Conclusion

Basing on the study findings it can be concluded that no much improvement have been attained by PPP in promoting and improving revenue collection in DMC. On the other hand this can partly be due to lack of knowledge and motivation to tax collectors, negative attitude against tax, inadequate knowledge on regulation and policies of taxation and poor accountability from the LGA. This suggests that taxpayers have not yet understood the need of involving PPP in revenue collection.

DMC have not provided adequate awareness to taxpayers on revenue collection through private agent. Also strategies and techniques used by tax collectors are not clearly understood by the taxpayers.

5.4 Recommendations

- i. There is a need to conduct a further research in a more representative study.
- ii. To provide adequate knowledge about tax collection.
- iii. To motivate tax collectors through good salaries, training, bonuses and incentives since revenue collection is a tempting job.
- iv. Sensitization should be done to taxpayers to understand the need of involving private agents in revenue collection.
- v. LGA should make sure that all private agents are following rules and regulations required for revenue collection.

- vi. To advocates for Public Private Partnership (PPP) in tax collection
- vii. LGA should provide proper accountability for the tax revenue collected.

5.5 Areas for further research

This study was limited to one LGA which is Dodoma Municipal Council. Therefore further research can also be conducted on:

- i. How do the social, cultural and economic environmental factors affect revenue collection?
- ii. Effectiveness of Electronic Fiscal Devices (EFDs) in revenue collection in Tanzania
- iii. Explore the approaches used in revenue collection in Tanzania with those used by other countries to lead tax compliance behaviour

5.6 Summary

The study has contributed to knowledge as to how PPP has been operationalized in the areas of revenue collection in DMC. The findings indicate that being honest in revenue collection, setting the level of amount to be paid and level of income of the taxpayers were significantly associated with high performance of hired revenue collectors. Other variables studied, such as secondary and college education had minimal effect on the observed performance of revenue collectors. Since the research was conducted in one LGA, it's highly recommended to design and conduct a more representative research on PPP on revenue collection.

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APPENDICES

Appendix I: QUESTIONNAIRE FOR TAXPAYERS

Dear respondent,

This questionnaire is aimed at collecting data for the purposes of accomplishing a study titled “*Effectiveness of Public Private Partnership in Revenue Collection in LGAs in Tanzania: A case of Dodoma Municipal*”. The researcher is a student at St.John’s University pursuing Master degree of Science in Finance. Therefore the undertaking study is for academic requirement for accomplishing master program. I kindly request you to provide the information that will help the researcher to write the academic report and will be treated with utmost Confidentiality.

Part One

1. Social demographic characteristics

1.1 Gender of the respondents

M	F

1.2 Marital status

Marital Status	Married	Single	Widowed	Divorced

1.3 Age group

Age	18 - 25 years	26 – 35 years	Above 35 years

1.4 Level of Education

Education	Primary school	Secondary school	College	University	Others

1.5 Nature / type of the business

Nature of business	Sole trader	Partnership	Company

Part two

2 Policies, Laws/bylaws and regulations used by DMC in Supervising the Private Revenue Collectors and Taxpayers in tax Collection

2.1 For the following **tick** the most appropriate in the space provided.

Key: 1- Strongly disagree, 2 - Disagree, 3 - Neither agree nor disagree, 4 - Agree

5 - Strongly agree

KeyJudgement criteria	1	2	3	4	5
1.Sensitization programs like tax education have always been exercised by LGA tax Officials					
2. LGA set the amount to be paid by taxpayers					
3.LGA set procedures / regulations which greatly influence the level of revenue collected					

4. LGAs ensure that taxpayers are following rules, regulations and procedures of paying market levy					
---	--	--	--	--	--

Part three

3.0 Private Revenue Collectors’ Commitment, and their knowledge and Attitude towards taxpayers in DMC and Challenges Faced

3.1 Does the revenue collectors create good relationship with taxpayers.

Yes	No	Can’t tell

3.2 How would you assess the performance of revenue collectors

High	Average	Low	Very low

3.3 Are revenue collectors through private agents considered to be honest?

Yes	No	Can’t tell

3.4 Does Private agent has competent staff to collect the revenue: state your views

Strongly agree	Agree	Strongly Disagree	Disagree	Do not know

Part four

4 Knowledge, Attitude and willingness of paying levy to private agent

4.1 Do you know the importance of paying levy?

Yes	No

If the answer in 4.1 is Yes, mention them.

.....

.....

.....

4.2 Are you satisfied with the tax collection system?

Very Strongly Satisfied	Strongly Satisfied	Satisfied	Dissatisfied	Strongly Dissatisfied	Very Strongly Dissatisfied

4.3 How do you perceive the amount of levy/charge you pay for your business per month?

Extremely fair	fair	Unfair	Extremely unfair

4.4 To what extent are you satisfied with the amount of levy you pay?

Very Strongly Satisfied	Strongly Satisfied	Satisfied	Dissatisfied	Strongly Dissatisfied	Very Strongly Dissatisfied

4.5 What are the factors that determine the amount of revenue collection?

Rank them by using importance scale

1=Not at all important, 2=only slightly important, 3= somewhat important

4=Important 5=definitely important 6= extremely important

Level of income of taxpayers

Willingness of tax payers

Level of tax administration

Existence of various Acts

Part five

5 Relationship between PPP and improvement in revenue

5.1 What is your response to the view that PPP has improved effectiveness?

in revenue collection in Dodoma Municipal?

Very Highly improved	Highly improved	improved	Poorly improved	Very Poorly Improved

5.2 Sensitization programs exercised by PPP Officials in an attempt to maximize revenue collection

Strongly disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree

5.3 How important the relationship between tax collectors and taxpayers in improving revenue collection.

Circle the best answer using importance scale

1=Not at all important, 2=only slightly important, 3= somewhat important

4=Important 5=Definitely important 6= Extremely important

.....*Thanks very much for your cooperation*.....

Appendix II: AN INTERVIEW GUIDE FOR LGA

Dear respondent,

This is an Interview meant to collect data for a research topic that state as; *Effectiveness of Public Private Partnership in Revenue Collection in LGAs in Tanzania: A case of Dodoma Municipal*. The researcher is a student at St. John's University pursuing Master of Science in Finance. Therefore the undertaking study is for academic requirement for accomplishing master program. I kindly request you to provide the information that will help the researcher to write the academic report and will be treated with utmost Confidentiality.

(1) Do you use Private Agent in revenue collection?

.....

(2) What criteria used to select private agent in revenue collection?

.....
.....

(3) Did you conduct a feasibility study before deciding to outsource on the value of outsourcing and your capacity to manage outsourced activities so that value for money can be achieved?

.....
.....
.....

(4) How LGA are involved to ensure that taxpayers are following rules, regulations and procedures of paying market levy?

.....
.....
.....

(5) How do you monitor or follow up the performance of revenue collecting Agents?

.....
.....

(6) What are the mechanisms do you use to deal with tax evaders

.....
.....

(7) Do you conduct routine based inspection so as to identify weaknesses and problems on agents performance?

.....
.....

(8) What are the LGAs incentives to the taxpayers to enable them to pay levy voluntarily?

.....
.....

(9) Do the PPP result into improvement of amount of revenue collected?

.....
.....

(10)What challenges do you face in collecting revenue under private system?

.....
.....
.....
.....

What should be done?

.....
.....

**Appendix III: FOCUS GROUP DISCUSSION GUIDE FOR PRIVATE
REVENUE COLLECTING FIRM**

(1) What is the name of the company?

.....

(2) The contract with the Municipal council is for how long?

.....

(3) How did your firm get this responsibility of collecting revenue on behalf of the LGA?

.....
.....
.....

(4) Do sensitization programs exercised by LGA officials help to maximize revenue collection?

.....
.....

(5) What are the views held by the taxpayers and public in general about Private revenue collection?

.....
.....
.....

(6) What has been the performance since you started revenue collection?

.....
.....
.....
.....

(7) What strategies / technique are used by revenue collectors in collecting market levy in Dodoma Municipal Council?

.....
.....
.....

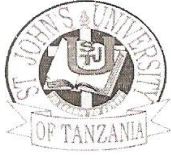
(8) Revenue collectors are motivated enough to collect the revenue: state you views

.....
.....
.....

(9) What challenges do you face in collecting revenue under private system?

.....
.....
.....
.....
.....
.....

Appendix IV: RESEARCH CLEARANCE CERTIFICATES



ST JOHN'S UNIVERSITY OF TANZANIA
DIRECTORATE OF RESEARCH AND CONSULTANCY
INTERNAL REVIEW COMMITTEE

RESEARCH CLEARANCE CERTIFICATE

FOR MASTER'S AND DOCTORAL STUDENTS

Date of Review: 10th February, 2015

Project title: **EFFECTIVENESS OF PUBLIC PRIVATE PARTNERSHIP IN REVENUE COLLECTION IN LGA: A CASE STUDY OF DODOMA MUNICIPALITY.**

Researcher: KUNDY, VERONICA .P.

Supervisor: Dr. B. SEBYIGA

Faculty / Institute / School: *Faculty of Commerce and Business*

Degree being studied for: **MSc IN FINANCE**

This is to certify that the research proposal herein detailed has been examined and approved by the Internal Review Committee of St John's University of Tanzania

Dr. Angela Savage

Director, DRCPGS

Prof. C. Rubagumya

DVCA

Appendix V: LETTER OF INTRODUCTION

THE UNITED REPUBLIC OF TANZANIA

DODOMA MUNICIPAL COUNCIL

(All correspondence to be addressed to Municipal Director)

DODOMA REGION
Tel.: 2354817/2321550
Fax: 026 - 2321550



Office of Municipal Director
P.O. Box 1249
Dodoma
E-mail: dodomamunicipality@yahoo.co.uk

In reply please quote:

Date: 28th April, 2015

Ref.No.HMD/A.30/12/60

To whom it may concern,
Dodoma Municipal Council,
DODOMA

RE: INTRODUCING MADAM KUNDY, VERONICA. P (Reg. No. M2013.5073)

Reference is made to your letter dated 27nd January, 2015 on the above heading.

The above mentioned person is the student from St John's University who is enrolled at the Faculty of Commerce and Business. Through this letter, she has been granted permission to do research on her Masters Studies on **"Effectiveness of Public Private Partnership in Revenue Collection in LGA: A case study of Dodoma Municipality"**.

Therefore, you are requested to grant her a full support so that she could accomplish her Research at the right time for the benefit of the Nation.

Thanks for your cooperation.

Innocent D. Kessy
For: Municipal Director
DODOMA.

Copy:

K.M. MEURUGENZI WA
MANIPPA DODOMA

DIRECTOR OF RESEARCH,
CONSULTANCY AND POSTGRADUATE STUDIES,
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