REVENUE MOBILIZATION STRATEGIES AND THE FINANCIAL PERFORMANCE OF KAMPALA CAPITAL CITY AUTHORITY (KCCA)

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A DISSERTATION SUBMITTED TO THE DIRECTORATE OF RESEARCH AND GRADUATE TRAINING IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTER OF BUSINESS ADMINISTRATION OF KYAMBOGO UNIVERSITY

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DECLARATION

I, **Sukuku Innocent**, declare to the best of my knowledge that this dissertation titled "Revenue Mobilization Strategies and the Financial Performance of KCCA" is my original work except where cited and has never been submitted to any institution for any award.

Signature:……………………………………………. Date:…………………………………...

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APPROVAL

This is to confirm that the dissertation on "Revenue Mobilization Strategies and the Financial Performance of KCCA" has been written under our supervision and is now ready for submission to Kyambogo University.

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DEDICATION

This dissertation is dedicated to my family for their support throughout my academics.

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LIST OF ABBREVIATIONS

CVI:	Content validity index
DRMS:	Domestic Revenue Mobilization Strategy
EPS:	Electronic Payment System
GDP:	Gross Domestic Product
GoU:	Government of Uganda
KCCA:	Kampala Capital City Authority
PPP:	Public Private Partnership
RBT:	Resource Based Theory
SPSS:	Statistical Package for Social Scientists
URA:	Uganda Revenue Authority
USAID:	United States Agency for International Development

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ABSTRACT

The purpose of the study was to examine the effect of revenue mobilization strategies on financial performance of KCCA. The specific objectives were to establish the; effect of electronic collection of local revenue on financial performance of KCCA, effect of Voluntary compliance on financial performance of KCCA, and effect of direct field revenue collection on financial performance of KCCA. This study was carried out using a cross sectional research design with both qualitative and quantitative approaches. The study targeted a population of staff from the Directorate of Treasury Services, Audit, and Directorate of Revenue Collection. The study used a sample size of 103 respondents where 98 were for structured interviews and 5 respondents were for key informant interviews. The study used both simple random and purposive sampling techniques in the process of data collection. The findings revealed that electronic revenue collection has a significant positive effect on financial performance of KCCA (β=0.411, P-value (0.000) <0.05). The study found that voluntary revenue compliance has a positive and significant effect on financial performance in KCCA (β=0.355, P-value (0.000) <0.05). Lastly, the study found that direct field revenue collection has no significant effect on financial performance (β=0.207, p-value (0.067) >0.05). In conclusion, the study proved that electronic collection of revenue and voluntary tax compliance were instrumental in improving the financial performance of KCCA. The study recommends that there is need for KCCA to sensitize taxpayers on the use of electronic means when paying taxes. For instance, tax payers should be sensitized and trained very well on how to use the e-city application. The study suggests that there should be sensitizations on the new taxes introduced by KCCA to ensure that there is compliance. This may help to reduce on the number of tax payers who avoid and evade paying taxes. Lastly, there should be continued field enforcement to ensure that tax payers comply with tax clearance. However, it should be done in a peaceful way through encouraging them to clear their tax dues.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This study aimed to examine the effect of revenue mobilization strategies on the financial performance of Kampala Capital City Authority. In this chapter the following will also be expounded on; the study background, the purpose of the study, the statement of the problem, the scope of the study, the significance of the study, the conceptual framework as well as an explanation of the key terms.

1.1 Background to the Study

This background is intended to discuss; the Historical background, the Theoretical background, the Conceptual background, and the Contextual perspective as illustrated below;

1.1.1 Historical Background

Globally, the revenue financial performance has been facing contrasting situations most especially in developing countries. In 2013, the West African Economic and Monetary Union had a public revenue mobilization rate of 19.1%, that was lower than the sub-Saharan Africa average of 27.5% (Thiao, 2021). Illicit money flows and ineffective revenue mobilization tactics are gaining attention due to their magnitude and detrimental influence on countries' financial performance in terms of tax collection. According to several assessments, substantial sums of money have been illegally removed from the African continent (Thiao, 2021).

South Asian countries have performed poorly in terms of revenue performance when compared to peer countries, with the exception of China, which has gathered more income than countries with comparable economic capabilities. Even with the implementation of tax reforms, revenue financial performance improved little. The changes addressed the political, organizational plus financial challenges that lead to a decrease in revenue progression. One specific assertion is that revenue came from Asian countries enhanced performance as a result of the development and implementation of anti-corruption measures, the exploration of novel fund mobilization mechanisms, and capacity building by raising taxpayer awareness of the importance of paying taxes (Qanchora, 2021).

Regionally, many developing African countries have continued to face challenges in improving on their revenue financial performance from way back. In most African government finances are constrained, preventing policy expenditures on humanistic and capital initiatives, which are critical to economic growth (Nalyanya, Byaruhanga, Rutto, & Simiyu, 2020). Despite the comprehensive tax mobilization techniques implemented over the last decade, Sub-Saharan Africa's revenue performance has remained virtually constant (Akorsu, 2015). High frequency data available up until December 2020 indicated a median of 15 percent drop in monthly tax revenue performance in mid-2020 relative to the year before in Sub-Saharan Africa. Despite some progress over recent years, improvements in revenue collections. In the face of chronic structural challenges, high levels of informality, and insufficient revenue mobilization initiatives, growth in Sub-Saharan Africa has been slow and uneven (Aslam, Delepierre, Gupta, & Rawlings, 2022)

For decades, inadequate revenue sources, limited tax handlers, insufficient municipal government tax administration tools, a voluntary transmission system, alleged corruption, poor organisation, and inadequate accountability have impeded financial performance in nations, such as, Rwanda and South Africa (Wawire, 2020). The revenue performance of East African countries has been limited by a general lack of taxpayers' voluntary cooperation, insufficient linkages between tax policy and the country's development objectives, and challenges with tax management (Wawire, 2020).

In Kenya, revenue performance has traditionally lagged behind effort and tax regimes in place (Nalyanya et al., 2020). Despite extensive government revenue mobilization strategies, financial measures, and legal frameworks, many Kenyan local authorities continue to demonstrate deficits and an inability to improve revenue performance. For example, Isiolo County offers well-diversified income methods such as mining, farming, transportation, amusement park, livestock, markets, building sand, an airport, parking fees, liquor application fees, and property investment, all of which can boost revenue performance (Qanchora, 2021).

In Uganda, revenue performance is still below its potential despite numerous reforms and revenue mobilization strategies. While the tax revenue-to-GDP ratio increased from 11.7 percent in 1999/00 to roughly 14 percent in 2016/17, it remained below the SSA average of around 16 percent (Lwanga, Lakuma, Sserunjogi & Shinyekwa, 2018). Uganda's public spending, on the other hand, is fast expanding due to the need to finance her National Development Plan (NDP) to attain middle-income nation status. Uganda's national debt stock, including domestic and external has expanded dramatically as a result of escalating government spending and insufficient tax collection. There have been suggestions for increased revenue mobilization tactics to improve revenue performance (Lwanga et al., 2018). Kampala Capital City Authority (KCCA) has been experiencing challenges in its local revenue financial performance despite the mobilization strategies in place. The Ministerial Statement of KCCA (2017/2018) shows that the Authority experienced limited funding and that the total local revenue collection has been persistently below targets. This limits the quality-of-service delivery especially at local units such as divisions, wards, and parishes (KCCA Action plan, 2014; KCCA, 2018).

1.1.2 Theoretical Background

The study employed Wernerfelt's (1984) Resource Based Theory, as developed by Barney (1991). Later, in his attempt to identify resource mobilization techniques for development, Robert m Grant (1991) integrated the concept. According to Resource Based Theory, "strategy" is defined as a company's evaluation of its internal income sources and abilities in relation to the prospects and threats offered by its macro environment. KCCA can be viewed as an organization having a income base that should be utilized effectively to enhance its financial performance in the context of this study. To do this, effective income mobilization strategies must be implemented. The Resource-Based Theory, on the other hand, can be thought of bring out approach development method (Kimutai, 2017).

The approach stresses developing a plan as a means of assembling resources, like money. As regards to the theory, the capacity of a company's revenues and competencies to give a long-term competitive advantage is required for the timeframe of strategic planning process of the firm. This suggests that in abid to increase financial performance, KCCA should have appropriate income mobilization techniques and approaches (Kimutai, 2017).

The idea recommends using the most profitable revenue mobilization strategies to cut costs while boosting financial performance and efficacy. Building policy around the most important revenues and proficiencies, for example, limits strategic range of firms to endeavors where it has a perfect competitive edge, according to Grant (2005). This shows that, in order to obtain a competitive advantage and improve financial performance, KCCA may recognize and invest more in more successful revenue mobilization strategies. As a result, since KCCA has revenue mobilization mechanisms in place to increase revenue performance, the theory was appropriate to the current study.

1.1.3 Conceptual Background

Revenue mobilization techniques are the means and mechanisms for collecting revenue from revenue producers. The procedures are the initial methods of asking cash, such as, developing proposals and doing fundraising (Dorcas & Ru th, 2004). Recognizing numerous revenue mobilization techniques is thus one approach for societies to increase the revenue mobilization awareness and expand their plans outside the process of submitting bids (Dorcas, 2004). According to David (2010), income mobilization tactics may be contested by actions implemented by partners early in the program and documented in legal documents. The current study conceptualizes revenue mobilization strategies in terms of electronic collection of local revenue, Voluntary compliance, and direct field revenue collection.

Financial performance is a wide notion that describes the financial health of a local government (Groves, Godsey and Shulman,2003). For many years, discussions regarding the financial health of state and local governments across the United States have included the term financial performance (Kamnikar, Kamnikar & Deal, 2006). More precisely, financial performance is defined as the capacity of local government to pay for services on an on-going basis, satisfy obligations as they come due, and finance the services requested by its people (Kamnikar et al., 2006). Financial performance is conceived in terms of revenue collections against targets and revenue collection growth in the current study.

1.1.4 Contextual Background

KCCA has been experiencing shortfalls in its revenue performance and collection against the intended targets. The ministerial statement of KCCA (2017/2018) shows that the Authority experienced limited funding and that the total local revenue collection has been persistently below targets. The Auditor General’s Report (2016) indicated a shortfall in the revenue performance of

KCCA against the set target despite the implementation of revenue mobilization strategies. The report indicated that the Authority planned to collect Revenue of UGX.111,080,000,000 during the year (FY 2015/16) under review and only UGX.84,927,640,611 was collected representing a revenue shortfall of 24%.

The KCCA annual performance report of 2018/19 highlighted decline in revenue performance against the set target. The Revenue Directorate was assigned a collection target of UGX 126,899,636,512 for the FY 2018/19 out of which, UGX 90,553,865,805 was realized by the end of the financial year (Directorate of Revenue Collection, 2018). However, KCCA has adopted a number of revenue mobilization strategies/ practices such as Direct field revenue collection by Revenue Officers, Voluntary compliance (deliberate response of the public to pay their taxes), Electronic collection of local revenue such as e-city, Outsourcing (Use of private agents), Leasing e.g., through public private partnership (PPP) among others to increase revenue or address revenue challenges faced by the authority (Directorate of Revenue Collection, 2018). Thus, it is from this background that the study examined the effect of revenue mobilization strategies on the financial performance of KCCA.

1.3 Problem Statement

In recognition of the need for improved financial performance in terms of revenue generation, the GoU prepared a Domestic Revenue Mobilization Strategy (DRMS). This five-year program that ends in January 2025, is intended to strengthen Uganda’s capacity to generate sufficient revenues to finance its expenditures and hence reduce dependency on donor aid a key factor in supporting Uganda’s journey to self-reliance (USAID, 2020).

However, Financial underperformance in revenue mobilization and collection is one of the major difficulties confronting KCCA in budget execution. There has been persistent deficit in local revenue collections as cited in the KCCA Ministerial Statements of FY 2015/16, and 2016/17 (KCCA, 2017). In 2015/16, KCCA had a number of property tax arrears due to revenue mobilization and collection challenges such as poor technology and a narrow tax base. In 2016/17, limited funding was noted to be critical in infrastructure development and a local revenue collection deficit was reported (KCCA, 2017).

According to the Auditor General's Report (2016), for the FY 2015/16 it was observed that the Authority planned to collect Revenue of UGX.111, 080,000,000 during the year under review and only UGX.84, 927,640,611 was collected representing a revenue shortfall of UGX.26, 152,359,390 representing a decline of 24%. Consequently, such poor financial performance has remained one of the main challenges that the authority faces in execution of its services (Auditor General's Report, 2016). Based on the extensive review of existing literature, it is evident that there is a notable gap in research concerning the assessment of the effect of revenue mobilization strategies on the financial performance of KCCA. Therefore, this study becomes essential and necessary to address this significant knowledge gap.

1.3 Purpose of the Study

The overall objective of the study was to examine the effect of revenue mobilization strategies on the financial performance of KCCA.

1.3.1 Specific Objectives

The study was guided by the following specific objectives;

i. To establish the effect of electronic collection of local revenue on the financial performance of KCCA.

ii. To establish the effect of Voluntary compliance on the financial performance of KCCA.

iii. To establish the effect of direct field revenue collection on the financial performance of KCCA

1.3.2 Study Hypotheses

The study was guided by the following alternative hypotheses;

Ha1: Electronic collection of local revenue has a significant effect on the financial performance of KCCA

Ha2: Voluntary compliance has a significant effect on the financial performance of KCCA

Ha3: Direct field revenue collection has a significant effect on the financial performance of KCCA

1.4 Scope of the Study

This section presents the content, time, and geographical scope.

1.4.1 Content Scope

The study aimed at establishing the effect of Revenue mobilization strategies on the financial performance of KCCA. The researcher conceptualized revenue strategies based on the electronic collection of local revenue, voluntary compliance, and direct field revenue collection by revenue officers and the way it affects the financial performance of the authority. The study was centered on this topic because of the revenue performance shortfall against the set targets of KCCA (Auditor General's Report, 2016).

1.4.2 Geographical Scope.

This study was conducted at KCCA including its headquarters and its five division offices located in Kampala City, which is the capital of Uganda found in the central region of Uganda. The study area was chosen because the same revenue mobilization strategies are being implemented in the mentioned geographical scope.

1.4.3 Time Scope.

The study documented and reviewed literature about revenue mobilization strategies on the financial performance from the financial years of 2015/16 to FY 2019/2020. The FY 2017/2018 was considered a benchmark since it is the period in which poor financial performance was recorded.

1.5 Significance of the Study

The study may provide information that may be used by KCCA to improve its local revenue mobilization approaches. The study will identify the forms of local revenue that need to be focused on by KCCA, findings may be used by management and staff of KCCA for policy and planning, especially in the revenue department. This may support the effectiveness of revenue administration to implement well-informed policies while considering its financial performance and raises sufficient revenues to fund infrastructural development and basic service provision which is crucial for the authority.

The study may be of great significance to revenue stakeholders in the public sector, more so in examining the revenue mobilization strategies and the financial performance for public entities.

1.6 Conceptual Framework

A Conceptual Framework is described as an interrelated set of beliefs (theories) regarding how a specific phenomenon works or is related to its constituent pieces (Svinicki, 2008). For the conceptual framework, the independent variable is revenue mobilization strategies, which constitute; Electronic collection of revenue, Voluntary compliance, and Direct field collection by revenue officers. Financial performance is the dependent variable. The conceptual framework was adopted from Ochuodho and Ngaba (2020). The conceptual framework shows an association between revenue mobilization strategies and financial performance. For instance, effective electronic collection of revenue, voluntary compliance, and good field revenue collection enhance financial performance and vice versa.

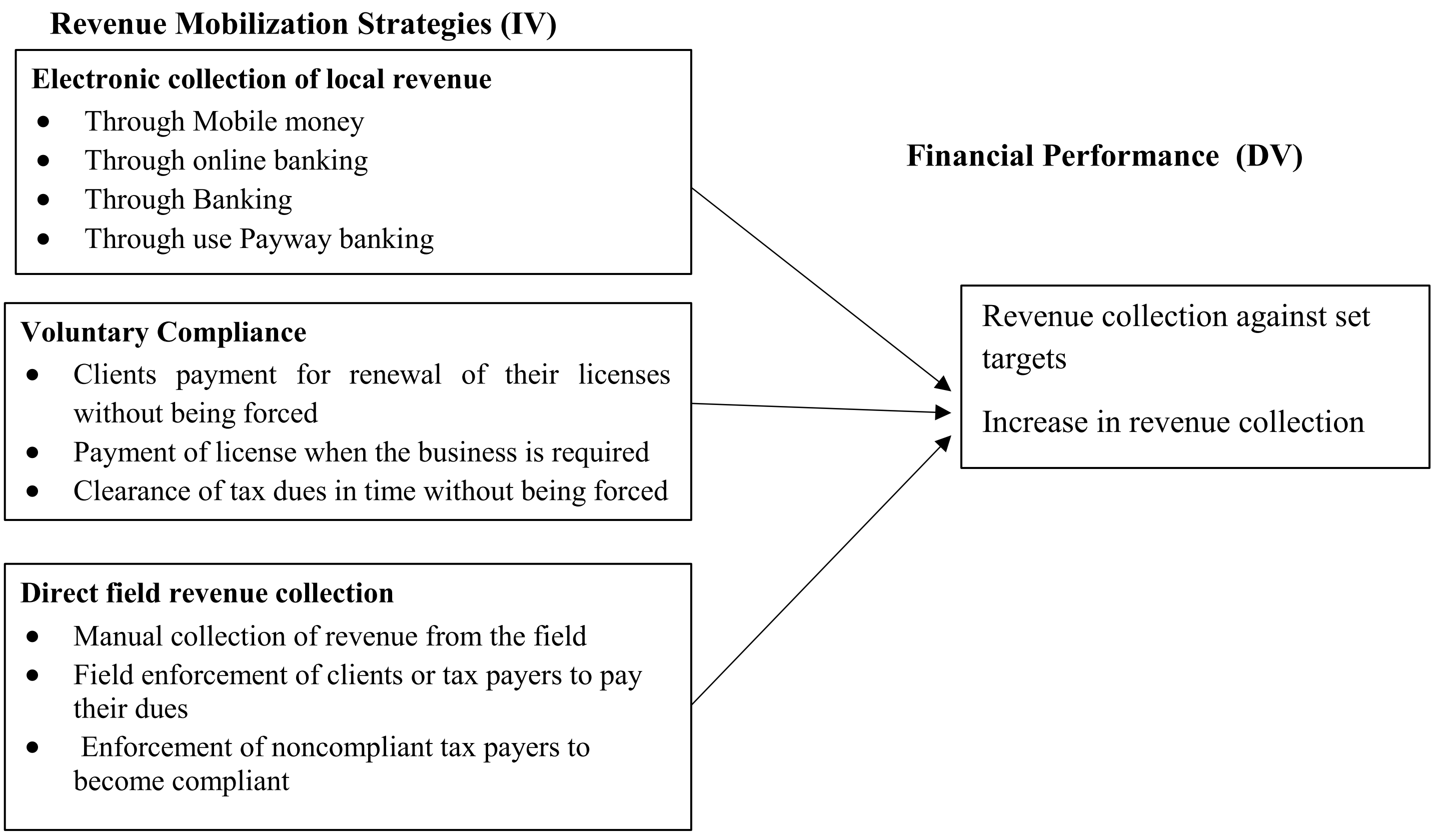

Figure 1. 1: Conceptual Framework

Source; Adopted from Ochuodo and Ngaba (2020)

1.7 Definition of Key terms

Financial Performance: Performance can be evaluated objectively or subjectively (Robinson, 1983). In most cases, objective measurements are based on financial data, such as financial performance as is the case of revenue collecting organization/authority such as Kampala Capital City Authority (KCCA) (Acur & Englyst, 2006).

Revenue mobilization strategies: are the means and mechanisms for collecting revenue from revenue producers. The procedures are the initial methods of asking cash, such as developing proposals and doing fundraising (Dorcas and Ruth, 2004).

Electronic revenue collection: is a process of gathering funds or payments from individuals or entities using electronic means and digital technologies. This method eliminates the need for traditional paper-based transactions and allows for the collection of funds electronically, typically through online platforms, electronic payment systems, mobile applications, or other digital channels (Shine, 2019).

Voluntary Revenue Compliance: refers to a taxpayer's willingness and responsibility to comply with tax laws and regulations without the need for enforcement or coercion by tax authorities. In a system based on voluntary compliance, individuals, businesses, and organizations voluntarily report their income, calculate their tax liabilities, and submit tax returns accurately and in a timely manner (Rashid et al., 2021).

Direct field revenue collection: refers to a method of collecting payments, fees, or revenue in which authorized personnel or agents physically visit individuals, businesses, or entities to collect funds or payments in person, typically at their place of operation or residence. This approach involves face-to-face interactions between revenue collectors and taxpayers, often used for various types of government revenues, including taxes, fines, fees, or other obligations (Laban & Muthinja, 2023).

1.8 Chapter Summary

Chapter one presented the background on revenue mobilization strategies and financial performance. The chapter also outlines the problem statement, specific objectives, study hypotheses, the significance of the study, and the scope of the study as well as the working definitions of specific terms used in the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents the theoretical review, conceptual review, a review of related literature about revenue mobilization strategies and financial performance, and the empirical literature on the specific objectives of the study.

2.2 Theoretical Review

This section reviews the strength and weaknesses of the Resource Based Theory that the study has adopted.

2.2.1 Resource-Based Theory (RBT)

Wernerfelt (1984) proposed and Barney (1985) elaborated on the Resource Based Theory (1991). Grant (1991) later used the concept to describe resource mobilization techniques for growth and development. Resource Based Theory strategy is the company's assessment of its internal revenues and capabilities in relation to the opportunities and threats offered by its external environment. KCCA can be viewed as an organization having a tax base that should be utilized effectively and efficiently to improve its financial performance in the context of this study. To do this, effective income mobilization strategies must be implemented. The Resource Based Theory, on the other side can be thought of as a bring out approach development method (Kimutai, 2017).

The theory's strength is that it emphasizes strategy development as a means of mobilizing resources such as money. The capacity of a company's incomes and skills to give a competitive advantage is necessary for the duration of the firm's strategic planning process, according to the notion. This implies that, in order to improve financial performance, KCCA should employ effective money mobilization tactics and approaches (Kimutai, 2017).

According to Priem and Butler (2001), the RBT does not take managerial ramifications or operational validity into account. Managers, according to the idea, must build and obtain planned resources that run into the value, rarity, non imitable, and non substitutional, in addition to how an appropriate organization may be established. However, the idea may not explain how managers can realize this achievement (Priem & Butler, 2001). Kraaijenbrink, Spender, and Groen (2010) identified three criticisms of the RBT's applicability. For starters, the theory cannot be applicable to small businesses. Because sustained competitive advantage cannot be predicated on static resources, they are outside the scope of the RBT (Kraaijenbrink et al., 2010).

The notion suggests using the most profitability and revenue mobilization strategies to cut costs while boosting financial performance and efficacy. According to Grant (2005), basing policy on the most analytically important incomes and competencies, for example, limits a firm's strategic range to endeavors where it has a perfect competitive edge. This shows that KCCA may recognize and invest more in more effective revenue mobilization strategies to obtain a competitive advantage and improve financial performance.

Resource-based theory was relevant for studying the association between revenue mobilization strategies and the financial performance of KCCA because it emphasizes the importance of identifying and assessing the resources available to an organization. In the context of KCCA, resources could include revenue mobilization strategies. Resource-based theory emphasizes the need for effectively integrating resources to create value. In the context of KCCA, different revenue mobilization strategies such electronic revenue collection, field collection, and voluntary compliance can be integrated to achieve financial performance objectives.

2.3 Conceptual Review

This section presents the conceptual review on the key study variables as highlighted in the conceptual framework.

2.3.1 Revenue Mobilization Strategies

Revenue mobilization techniques are the means and mechanisms for collecting revenue from revenue producers. The procedures are the initial methods of asking cash, such as developing proposals and doing fundraising (Dorcas & Ruth, 2004). Identifying different revenue mobilization tactics is thus one approach for people to broaden the awareness of income/reveenue mobilization and expand their plans afar from the process of writing bids (Dorcas, 2004). According to David (2010), income mobilization tactics may be contested by actions implemented by partners early in the program and documented in legal documents.

Internal revenue mobilization has two components: policy formulation and administration. In terms of policy formulation, it is concerned with the physical goal determination and the design of laws and procedures to achieve such goals (Kessey & Gunter, 1992). The administration, on the other hand, is in charge of carrying out the physical policies that have been developed. Policy formulation and administration, despite being equally vital in revenue mobilization, do not receive equal attention in theory and practice.

One of the challenges that countries confront in their development efforts is the issue of money creation to fund the numerous development projects that are necessary to improve their populations' living standards (Stren, 1998). Internally produced funds are as old as the institution of local government itself. When sub-national and local governments become agencies that deliver services to identifiable recipients, the value placed on the last number of services that the recipients are.

Although local governments are responsible for providing services in their particular geographic areas, vigorous internal income mobilization by sub-national organizations has become critical. In this instance, comprehensive financial planning is required, which includes a continuous examination of how local government resources are created, how they are distributed to services, and forecasting the benefits derived from those services, as well as efficient revenue production initiatives (Ebel & Vaillancourt, 1998)

2.3.2 Financial Performance

Financial performance is a wide notion that describes the financial health of a local government (Groves et al., 2003). For many years, discussions about the economic condition of state and local governments across the United States have included the term financial performance (Kamnikar et al., 2006). More precisely, financial performance can as well be defined as the ability of local government to pay for services on an on-going basis, satisfy obligations as they come due, and finance the services requested by its people (Kamnikar et al., 2006).

Gomes et al. (2013) investigated the financial performance of local governments. They determined that larger cities are more likely than smaller cities to manage revenue and spending more effectively. This conclusion arises from the results that mayors in small municipalities have fewer opportunities to expand financial performance because of the difficulty of increasing and accumulating taxes and decreasing spending, making their administrations significantly more reliant on outside funding.

According to Waema (2005), local governments with high income performance have more autonomy and are more attentive to their inhabitants' demands and objectives. The Constitution provides for a variety of local revenue streams for county governments, which vary by location and are based on economic patterns, natural endowments, and other factors (Waema, 2005).

2.4 Strategies used for Local Revenue Mobilization

This study paid attention on how revenue for local governments is being raised. These strategies or approaches describe the ways in which local revenue is collected. In a study done in Akkaraipattu Municipal Council, Sri Lanka, it was noted that the local government collects local revenue using different strategies including out sourcing, voluntary compliance, use of local government staff, and this review presents the different ways/strategies in which (KCCA) local governments raise money (Mohamed, 2015).

2.4.1 Direct revenue collection by competent personnel (officers)

In many local governments, direct local revenue collection is a function mainly done by field revenue officers. Local revenue officers directly go to the field to sensitize and enforce local revenue payment. Majority of the local governments consider this as the most appropriate way of collecting local revenue especially when contributors of this income are scattered but in one defined locality (Mpaata et al., 2015). Although KCCA is still understaffed, and operating at below 50% of the approved staff establishment, a number of approaches have been set out by KCCA to improve on its revenue collection practices, for example gazetting the resource base in groups, A, B, and C depending on the location and streets in the city (KCCA, 2017).

Revenue collection is done directly on business, properties and assets through strict enforcement and tax payer sensitization by competent staff. For example, In 2016, 44 sensitizations were held in the form of workshops and radio/television talk shows. These public awareness campaigns targeted at helped popularize the Commercial Road User Regulations 2015 and alerting taxpayers of their Property Rates and Local Service Tax obligations (KCCA, 2016).

2.4.2 Electronic collection of local revenue

Electronic collection of local revenue occurs when an institution devises a method for tax payers to pay their taxes online (Kumshe & Bukar, 2013). Taxpayers are registered and connected through the internet using their unique identity numbers, and they can be reminded or forced to pay their tax return when the time comes, and defaulters are instantly flagged for future action (Kumshe & Bukar, 2013).

Many local governments have adopted modern technology in revenue administration due to numerous issues with manual/physical tax management &administration, like delays in reconciling customer ledgers and general poor customer service delivery (Elepu, Nabisubi, & Sserunkuuma, 2016).

According to Akitoby (2018), cities, through their revenue teams, implemented a number of attempts to increase revenue in a cost-effective manner. In an effort to improve service delivery through revenue collection automation, KCCA implemented e-city, a digital revenue management system which can allow for automatic billing, bank reconciliation, and receipt printing, as well as sending out reminders to taxpayers when it is time to pay their bills.

It is crucial to remember, however, that simply digitizing payment processes does not make tax management more effective. However, if it is very complex and inappropriate for the existing organizational structures, which may have a negative impact on collecting (Astrid , 2017). It is therefore vital that individuals who will use the system and they are well prepared and trained to use it in the most efficient manner possible, ensuring that it becomes a support rather than a burden to the whole system. This study investigated the extent to which the e-city payment system and the recently implemented CAMCAMV system in Nakawa division have/are improving revenue mobilization at the Kampala capital city authority.

2.4.3 Voluntary Compliance

In a study focusing on the tax source of revenue and the widening level of tax base, voluntary compliance to the tax requirements has become an unavoidable way of collecting local revenue (Uchechukwu & Ohaka, 2017). Voluntary compliance is significantly increased when the government fulfils the social contract with the governed and as a result this makes it a modest way of collecting revenue at minimal administration costs (Modugu et al., 2012).

Compliance especially for tax remains vital for behavioural change, and for ensuring that there is an improved revenue mobilization and collection in the local entity. However, studies show that a few of the tax payers and other stakeholders contribute immensely to the revenue threshold of local government willingly and this points to non-compliance. (Modugu et al., 2012).

Tax morale at the Kampala City Authority has been low as a result of years of bribery and the total struggles required to achieve their tax commitments (Kopanyi , 2015). Where administration changes have been successful in other perspectives, there has been a change in organizational focus toward considering the taxpayer as a client in need of quality services (Bird , 2010). The more convenient it is for taxpayers to comply, the more likely they are to comply. The KCCA's aim was to centre on satisfying the demands of the broadest possible source of individuals eager to comply before progressing to the more challenging ones. Thus, this study focused on examining how

KCCA bases voluntary compliance as a strategy for local revenue mobilization and the extent to which this strategy contributes to its financial performance.

2.5 Empirical Literature

This section presents the literature on previous studies in line with the specific objectives of the study.

2.5.1 Electronic Collection of Local Revenue and Financial Performance

Electronic Payment System (EPS) transactions are conducted online between the payer and the payee. In the case of LGAs, the financial exchange occurs online through a digital instrument between taxpayers and authorities, which is supported by banks or EPS middlemen such as points of sale (PoS) and mobile money (Kessy, 2019). It is believed that increased use of e-payment will boost tax compliance by tracking revenue sources. It also enhances financials not only for taxpayers but also for LGAs by maintaining accurate data (Kessy, 2019).

Sanga (2015) investigated the effect of digital revenue collection on organizational financial performance at the Ngorongoro Conservation Area Authority. The study specifically examined the effectiveness and efficacy, user happiness, and impact of the credit system to the NCAA's operational financial success. The results showed that credit system significantly enhanced revenue collection and control, despite the fact that the system was not well-deployed at the time of the study. The study used regression analysis to determine the association between e-payment and revenue collection. However, the study only discussed the credit card as a single kind of e-payment, ignoring other sorts of e-payment systems. Other e-payment options, such as mobile money, E-banking, and credit/debit cards regarding financial performance are covered in this study.

Wamathu (2013) studies the financial performance of Kenyan audit firms in light of electronic taxes. The study used an online survey to acquire a sample size of 142 persons, which was then analyzed using simple percentages, ANOVA, a pie chart, and a histogram. The data exposed that from the commencement of I-tax, there was prompt filing of returns, there has been a reduction in audit period owing to the introduction of I-tax, and responses were relatively educated, system failure when login was reduced, and I-tax was user manual pleasant, I-tax system was more dependable, and that I-tax was not user friendly, I-tax system was cost effective, and respondents were aware that I-tax system was digital cash register and the study recommended that the Kenya Revenue Authority invest in technology to prevent system failure, as the study found that system failure hampers the system logins and dismays the use of digital systems. Wamathu (2013), on the other hand, employed ANOVA to investigate the impact of E-taxation on the financial performance of audit companies in Kenya. The current study employed regression analysis to investigate the impact of electronic revenue collection on KCCA's financial performance.

Ayodeji (2014) examined the impact of e-tax systems on Nigerian tax management. He specified that the falling global fortune caused by the reduction in the price of crude oil, Nigeria's main source of money, turned the major players and emphasis from the government to revenue earned locally. However, the daunting task of increasing Internally Generated Revenue necessitates the adoption of electronic tax system technologies to drive Tax administration and established that e-tax systems play an important role in growing internally generated income in Nigeria by ensuring compliance, thereby improving productivity and financial performance in the country. However, Ayodeji (2014) focused on Tax Administration as the dependent while the current study focused on financial performance. In addition, the above study didn't empirically show how electronic tax systems impacts on Tax Administration, the current study used regression analysis to examine the effect of electronic revenue collection on financial performance of KCCA.

Okoye and Ezejiofor (2014) looked into the effect of e-taxation on revenue generation in Enugu, Nigeria. Data were gathered from both primary and secondary sources and analyzed using frequency counts and mean scores. To assess the fixed and random effects and to test for level of significance at 1%, the ordinary least square approach was used in conjunction with multiple regression analysis and panel data regression. The study discovered that e-taxation can increase internally produced revenue while decreasing tax evasion in the state. Okoye and Ezejiofor (2014), on the other hand, employed a fixed and random effects model for panel regression, whereas the current study will use linear regression to investigate the influence of electronic revenue collection on KCCA's financial performance.

Sani and Sani (2020) evaluated the impact of an e-tax system on the performance of revenue collection in Kebbi state. The study discovered a considerable favorable influence on the computerized tax system on the efficiency of revenue collection in Kebbi state. Specifically, the study concluded that during the study period, online tax filing, online tax registration, and online tax payment had a considerable favorable influence on revenue collection efficiency in Kebbi state (Sani & Sani, 2020). The prior study, however, was piloted in Kebbi state, however the present study would be piloted in Uganda in KCCA. The current study, on the other hand, looked at whether electronic revenue collection has a substantial impact on KCCA's financial performance.

According to Vasudevan (2007), electronic revenue collection leads to improved financial performance in terms of duty and tax collection because of the uniform implementation of regulations and guidelines. It also leads to more efficient revenue collection and management controls; better and more suitable foreign trade statistics because trade statistics is an automatic byproduct of the electronic system and less bribery as a result of transparency and automated operations. However, Vasudevan (2007) did not objectively demonstrate using regression how electronic revenue collection leads to improved financial performance. As a result, regression analysis was used in this study to investigate the impact of electronic revenue collection on KCCA's financial performance.

Kinyanjui and Kahonge (2013) discovered that using e-payment of income via mobile phone-based technology in mobile parking enhanced parking charge collection in Kenya. It advocated the construction of an application to control traffic flow, parking spot allocation, and availability in Nairobi's streets, however it did not address the penalty payment system. Kinyanjui and Kahonge (2013), on the other hand, did not empirically demonstrate using a model how e-payment of income using mobile phone-based technology greatly increased parking charge collection. As a result, the current study applied a regression model to investigate the impact of electronic revenue collection on KCCA's financial performance.

Muema, Kyambo, Kirichu, and Senagi (2014) used a mobile parking management system to advocate for e-payment in Nairobi County and the parking business, however the study was aware of the limitations that may be solved. The previous study did not provide precise techniques for overcoming these barriers, whereas the new study will. The study by Nyongesa (2014) discovered that using an automated revenue collection system would significantly enhance revenue collection, however it was unclear how e-payment would effect revenue collection. As a result, the current study applied a regression model to investigate the impact of electronic revenue collection on KCCA's financial performance.

2.5.2 Voluntary Tax compliance and financial performance

Voluntary tax compliance is the readiness of an individual or other bodies to abide by tax regulations without the threat of enforcement (Kirchler, 2007; Palil, 2010). Tax compliance is defined as a taxpayer's adherence to tax laws and regulations. (James & Alley, 2004). Taxpayers come from a variety of cultures, income levels, backgrounds, educational levels, and tax understanding. In the end, the tax authority should present itself with straightforward and sufficient returns, and Tax compliance laws ought to be as simple as allowing people to submit tax forms correctly.(Mohd & Ahmad, 2011).

In Nigeria, Aguolu (2014) demonstrated a link between tax compliance and revenue performance. A quantitative study approach was used, and data was gathered using a self-administered questionnaire prepared by the researcher. The target population consisted of 212 respondents from carefully selected SMEs. Using descriptive statistics, the study discovered that the Nigerian government has totally updated and automated its taxation procedures in order to increase revenue collection. According to the study, tax compliance has a positive correlation with revenue performance (Aguolu, 2014). Meanwhile, the previous study looked at the relationship between the study variables, whereas the present investigation was based on regression analysis to examine the effect of voluntary tax compliance on the financial performance of KCCA.

Chukwumerije & Akinyomi (2011) examined the impact of voluntary tax compliance on general revenue performance in Rivers State, Nigeria. The study chose 11 out of 22 small-scale beverage and food manufacturing enterprises in Rivers State at random. A questionnaire was given to 260 people, and frequency distribution and chi-square testing were utilized. The study established that tax compliance among the selected firms promoted revenue performance through increasing revenue collection (Akinyomi, 2011). However, the above study used chi-square testing to determine the effect of tax compliance on overall revenue performance, which was likely to produce underlying results. The current study used regression analysis to investigate the impact of voluntary tax compliance on KCCA's financial performance.

Twesige and Gasheja (2019) studied the effect of voluntary tax compliance on revenue performance of the Rwanda Revenue Authority. The study employed both quantitative and qualitative methodologies, with a goal of 49000 SMEs from diverse sectors in Rwanda's Nyarugenge area. The study's sample consisted of 136 SMEs found by purposive and simple random sampling. For data analysis, descriptive statistics and multiple regression were employed. The study found a positive and significant effect of voluntary tax compliance on revenue performance of the Rwanda Revenue Authority (Twesige & Gasheja, 2019). The current study used multiple regression analysis to establish the effect of voluntary tax compliance on financial performance of KCCA.

Nwaorgu, Herbert, and Onyilo (2016) carried out a longitudinal assessment of voluntary tax compliance and revenue performance in Nigeria utilizing data from time series 1971 to 2014. The results show that growth in tax compliance had a positive significant influence on the revenue performance. The above study was longitudinal with time series data yet the current study was a cross-section study based on primary data.

Ebieri and Ekwueme (2016) examined the effect of tax compliance on financial performance in Nigeria. From 1985 to 2011, time series data were taken from the Central Bank of Nigeria statistical bulletin and Federal ministry Finance and Federal Inland Revenue Service of Nigeria. The data was analyzed using ordinary least squares multiple regression. According to the study, the adjusted R-square of 0.99 indicates that tax compliance variance accounts for 99% of the overall variation in financial performance, i.e. revenue collection increase (Ebieri & Ekwueme, 2016). Meanwhile, the above study was a longitudinal study based on time series data. The current study was cross-sectional and was based on primary data.

Ebi and Ayodele (2017) used time series data from 1981 to 2014 to investigate voluntary tax compliance and income collection in Nigeria. Secondary sources for this study included the CBN Statistical Bulletin (CBN, various issues), the National Bureau of Statistics, and FIRS. The data was analyzed using the error correction mechanism (ECM) approach. At the 5% level, the results revealed a favorable and statistically significant effect of voluntary income tax compliance on revenue collection. This reinforces the fact that tax compliance increases tax revenues (Ebi & Ayodele, 2017). However, the above study was time series study and employed an error correction mechanism in analyzing the variables. The current study was based on primary data and employed linear regression to examine the effect of voluntary tax compliance on the financial performance of KCCA.

2.5.3 Direct field Revenue Collection on Financial Performance

Muriithi (2003) studied the effect of field revenue mobilization strategy on revenue performance in Kenya. The findings suggest that field revenue mobilization strategy had a positive and substantial effect on the overall tax revenue performance. However, the study was conducted in Kenya yet the current study will be conducted in Uganda.

Booze, Allen, and Hamilton (2011) looked into the impact of field revenue collecting on revenue performance in Washington, DC. This study included A and a total of sixty-three factories out of a total of sixty-five. Primary data was gathered from production managers who wanted to know how field revenue collecting affected revenue performance. According to the report, adopting a field revenue collecting method has a beneficial influence on revenue performance in developed countries. The study advised that the authenticity of the source and the receipt exchange not be disputed, and that both the sender and the recipient receive a authorisation if the receipt is successfully supplied or if it fails (Booze et al., 2011). However, the above scholars did not indicate how the positive effect/impact was examined, thus the current study employed regression analysis to study the effect of direct field revenue collection on the financial performance of KCCA.

Prichard (2010) examined the effect of direct field revenue collection on financial performance in the United Kingdom. Structured interview guides were utilized to acquire primary data from tax authority managers. Data analysis was performed using content analysis, with interview replies constructed based on numerous themes proclaimed by the study's aims. By reviewing the paperwork for the reforms and modernization program, secondary data were also employed to validate the outcomes of the interviews. According to the study, none of the automated revenue systems can be a source to problems of tracking and ascertaining fraud revenue collectors because they are only exacerbated by the use of manual or consolidated systems due to the resources and overheads required to control and monitor such problems. Human payment collection at many service points results in delayed customer service with inherent risk of manual cash management Minimal payment channels (Prichard, 2010). The above scholar did not empirically test whether direct field revenue collection had a significant on the financial performance or not. Thus, the current study employed regression analysis to examine the effect of direct field revenue collection on the financial performance of KCCA.

Fjeldstad and Heggstad (2012) studied the relationship between field manual revenue collection and revenue performance. The observations from the study indicated that there was traditional manual revenue collection by non-automated systems. Problems such as high collection costs, fraud, underpayment, and income leakages were exacerbated by dramatically extending the current taxable base without using sufficient technological solutions. Meanwhile, Fjeldstad and Heggstad (2012) did not empirically test the relationship between field manual revenue collection and revenue performance. Thus, the current study employed a method of regression analysis to study the effect of direct field revenue collection on the financial performance of KCCA.

Abiola and Asiweh (2012) studied the impact of manual field Revenue Collection strategy and the study found that there was a need to improve capacity in agencies responsible for collecting taxes on behalf of the state in developing countries. The study used questionnaires to acquire primary data from 121 respondents. According to the survey, Nigeria lacked the necessary tools to improve tax collection. Poor information and communication infrastructure, as well as a lack of qualified human resources, were noted as difficulties. The study found a positive and significant effect of manual field Revenue Collection strategy on government revenue collection in Nigeria (Abiola & Asiweh, 2012). The current study also investigated whether there was a significant positive effect of the direct field Revenue Collection approach on the financial performance of KCCA.

Nelimalyani and Kimaiyo (2015) investigated the effectiveness of manual revenue collection methods in Kenya. The study used a descriptive research approach with a target population of all Kenya Revenue Authority employees working in the Domestic Taxes Department. According to the survey, 75% of respondents indicated that the manual tax-collecting approach increased income mobilization by the authority. Furthermore, the study discovered that the employment of manual revenue collection methods was effective in reducing tax evasion rates in the filing and remittance of Value Added Tax (Nelimalyani & Kimaiyo, 2015). However, the above study was based on descriptive analysis and did not employ regression analysis to study the effect of the manual revenue collection method on revenue collection performance in Kenya. Thus, the current study employed regression analysis to study the effect of direct field Revenue Collection strategy on the financial performance of KCCA.

2.7 Literature Gap

The study highlighted two significant gaps, namely, those pertaining to methodology and geographical coverage. Concerning the methodological gap, a majority of the studies did not employ regression analysis to examine the effect of independent variables on the dependent variable; instead, some relied on correlation analysis. Turning to the geographical gap, the majority of these studies were conducted in various countries, with few focusing specifically on Uganda. The current study employed multiple linear regression to study the effect of revenue mobilization strategies on financial performance of KCCA.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter covers the methods that will be used in data collection. It covers the research design, study population, sample size determination, sampling technique, data collection methods and tools, validity and reliability of the instruments, the procedure for data collection, data analysis, ethical considerations, and study limitations.

3.2 Research Design

A research design looks at the overall strategy that the researcher selectes to cartel the many components of the study logically and coherently, making sure that the research problem is appropriately addressed; it serves as the blueprint for data collecting, measurement, and analysis (Creswell, 2003). A cross-sectional survey research design was used for this investigation. A cross-sectional research design is a method for explaining, comparing, and describing events based on the opinions of a specific group of people at one moment in time (Sekaran, 2006). In accordance with the study goals, a cross-sectional research methodology was ideal for investigating the impact of local revenue mobilization tactics on KCCA's financial performance because it was carried at on one point in a time and also due to limited resources.

Both qualitative and quantitative approaches were used in this research (Kothari , 2004). The quantitative method is an organized scientific strategy for quantifying attitudes, views, behaviors, and other specific variables and generalizing results from a wider sample group (Saunders, Lewis, & Thornhill, 2012). When compared to qualitative research, quantitative research is more objective and allows for the examination of enormous volumes of data in a relatively short period. Qualitative research, on the other hand, is more subjective in character, involving the examination and reflection of perceptions in order to develop a knowledge of social and human activities. Thus, integrating qualitative and quantitative research ways and procedures aids in overcoming the possible bias and sterility of a single method approach (Saunders et al., 2012).

3.3 Study Population

The study population is made up of all the people who share specific traits and are of interest to the researcher (Banerjee & Chaudhury, 2010). The study focused on 137 KCCA employees from three different directorates. The target population included 23 staff in the Directorate of Treasury Services, 15 staff in the Internal Audit Directorate, and 99 staff in the Directorate of Revenue Collection (KCCA Annual Report, 2017).

3.4 Sample Size

The sample size refers to the number of elements in the sample that is used to make conclusions about the population (Banerjee & Chaudhury, 2010). The sample size for the study was 103 respondents determined based on Krejcie and Morgan (1970) sample size formula. The Krejcie and Morgan (1970) formula employed for determining the sample size for the study is given below;

$$S = \frac{X^2NP(1-P)}{d^2(N-1)+X^2P(1-P)}$$

Where s- is the sample size, X^2- is the chi-square value for 1 degree of freedom at 95% confidence level (3.841), N- is the target population size, P- is the proportion of the population with characteristics of interest (0.50), and d- is the degree of accuracy (0.05).

$$S = \frac{3.841*137*0.5*0.5}{0.05^2*136+3.841*0.5*0.5}$$

S=103 study respondents

3.5 Sampling Procedure

To guarantee that the researcher selects a suitable sample size for the study, both probability and non-probability sampling approaches was used. The 3 directors (one director from each of the three directorates of internal audit, treasury services and revenue collection) and 2 deputy directors (one from treasury services directorate and one from revenue collection directorate) were purposively selected because they are regarded as key informants for the study. The rest of the respondents (98 staff) were sampled using stratified random sampling techniques with the three directorates becoming the strata. Through using the probability proportionate to size (PPS) method, 10 staff (14/137*103=10) were selected from Internal Audit Directorate, 16 staff (21/137*103=16) came from Treasury Services Directorate and 72 staff (97/137*103=72) were selected from Revenue Collection Directorate. Simple random sampling was used to select the sampled respondents from each stratum i.e., a complete and updated list of all staff from each of the three directorates was obtained from the Directorate of Administration and Human Resources and was used to select the respondents. The names of staff in each directorate were numbered and randomly the names of 11 staff from Directorate of Internal Audit, 16 staff from Directorate of Treasury Services and 73 staff from Directorate of Revenue Collection were selected using the lottery method. Simple random sampling was used because the sample to be chosen constituted a homogeneous group (Creswell, 2012). The table below presents the sampling distribution, sample size, and population in the study;

Table 3. 1: Staff Distribution in the three directorates, Target Population, Sample Size and Sampling Techniques

Category of respondent	Target Population	Sample Size	Sampling method
Staff from Internal Audit Directorate	14	10	Simple Random Sampling
Staff from Treasury Services Directorate	21	16	Simple Random Sampling
Staff from Revenue Collection Directorate	97	72	Simple Random Sampling
Directors of directorates	3	3	Purposive Sampling
Deputy directors from treasury and revenue collection directorate	2	2	Purposive Sampling
Total	**137**	**103**	

Source: KCCA (2017)

3.6 Data Collection Methods

The study was guided by a questionnaire survey method and interview method.

3.6.1 Questionnaire Survey Method

According to Mathiyazhagan and Nandan (2010), a questionnaire survey method is vital in giving uniform information and ensuring data comparability. Because the data gathering techniques utilized feature structured or closed-ended questions, this method requires fewer interviewing skills than other methods. In light of the current study, this strategy was useful for gathering data from a large number of respondents because it requires less time and interviewing abilities. This strategy was useful when collecting data from KCCA workers in the three specified directorates.

3.6.2 Interview Method

The interview method is ideal for gathering in-depth information about people's opinions, beliefs, experiences, and feelings. This strategy is appropriate when the research topic under inquiry is associated with issues that necessitate complicated questions and extensive probing

(Easwaramoorthy & Zarinpoush, 2006). This strategy was useful in gathering more detailed information from important informants such as directors and deputy directors of the selected directorates for this study.

3.7 Data collection instruments

This study employed a questionnaire and interview guide when collecting data as explained below;

3.7.1 Questionnaire

The questionnaire included closed-ended questions that were assessed based on the demographic characteristics of the respondents, as well as statements about the dimensions of the independent and dependent variables. The statements/constructs will be graded on a 5-point Likert scale ranging from 1 to 5, with 1 being strongly disagree [SD], 2 being disagree [D], and 3 being unsure [NS]. 4 - Accept [A] 5- I wholeheartedly agree [SA]. Using such a scale will save time, it's considered to be convenient and will allow respondents to freely express their opinions. The questionnaire was administered to all the selected staff except the directors and deputy directors.

3.7.2 Interview guide

According to Corbin and Strauss (2008), an interview guide is used in in-depth interviews where respondents must answer open-ended questions regarding the study subject to express their opinions, thoughts, experiences, and feelings. The researcher prepared an interview guide to provide an interaction with Directors and Deputy Directors in the Revenue Collection Directorate, Directorate of Internal Audit, and Treasury Services Directorate at KCCA. The interview guide consisted of open-ended questions.

3.8 Validity and Reliability

3.8.1 Reliability of the Instruments

Reliability refers to the consistency, dependability, and trustworthiness of a questionnaire, process, measurement, or product to perform its intended function or deliver consistent results over time and under varying conditions. It is a key quality or characteristic that is highly desirable in various contexts (Sürücü & Maslakci, 2020). The instrument was tested for reliability through carrying out a pre-test or pilot study.

Table 3.2: Reliability results for the study variables

Variable	Cronbach's Alpha	N of Items
Electronic collection of local revenue	0.713	5
Voluntary Compliance	0.760	5
Direct field revenue collection	0.709	5
Financial performance	0.805	5

Source: Pilot Study

The Cronbach alpha coefficient was used to test the reliability of the research instrument. The items in the research instrument were deemed reliable since the Cronbach alpha coefficients was 0.7 as indicated in Table 3.2.

For assess the reliability of the qualitative tool, the study used intercoder reliability assessment. To improve the dependability of the analysis of interview transcript data, researchers implement the intercoder reliability assessment. Intercoder reliability is a quantifiable gauge of the consensus among different coders concerning the appropriate coding of identical data (Cheung & Tai, 2023).

3.8.2 Validity of the Instrument

Validity is concerned with the idea that the research design adequately covers the research questions and objectives that the researcher is attempting to answer and achieve. The questionnaire and interview guide were given to an expert for his/her opinion on the instrument's adequacy and representativeness to verify that it covers all of the variables being measured and to remove invalid items from the instrument. A content and criterion validity test was performed to ensure that the tool utilized is representative and captures relationships between variables, as well as a concept measure (Saunders et al., 2012). The researcher computed the Content validity index (CVI) to determine the validity of the instrument (Guraya, et al., 2022). This was calculated as follows;

$$CVI \text{ for Questionnaire} = \frac{\text{Total Number of items rated by all respondents}}{\text{Total Number of items in the Instrument}}$$

$$CVI = \frac{25}{29} = 86.2\%$$

$$CVI \text{ for interview guide} = \frac{5}{5} = 100\%$$

The computed CVI (86.2% and 100%) were above 70% thus an indication that the research instrument was valid for the study.

3.9 Data Analysis

Data analysis is a process of inspecting, cleansing, transforming, and modeling data to discover useful information, suggesting conclusions, and supporting decision-making (Herrman, 2009). Both quantitative and qualitative data was analyzed as shown below;

3.9.1 Quantitative Data Analysis

Following data collection, quantitative data was reviewed for completeness, coded, and processed for statistical analysis into the Statistical Package for Social Scientists (SPSS) version 21. Descriptive statistics and inferential analysis were used in the quantitative analysis. Descriptive statistics/analysis included frequency tables as well as the calculation of measures of central tendency, including means and standard deviations on the variable constructs. The effect of independent factors on the dependent variable was investigated using a multiple linear regression model, and conclusions were drawn using probability values at the 0.05 significant level. To test for multicollinearity between the independent variables, the pairwise correlation matrix was used.

3.9.2 Qualitative Data Analysis

Data from interviews was processed and read for common themes, which was tagged, categorized, and put together for in-depth explanation to augment quantitative findings. Thematic analysis was utilized to categorize data (Sekaran, 2003). The information from qualitative data was interpreted by creating explanations or descriptions. To express the respondents' ideas, direct or verbatim quotes that highlight and help explain issues was used.

3.10 Ethical Consideration

The researcher paid attention to key ethical issues in the study. These issues were confidentiality, privacy, and voluntary participation of the respondents. The respondents were first asked to give their consent to be part of the study, and this was based on only those who were voluntarily giving their approval to participate in the study. More so, participants" details, particulars, and personal information such as names, and contacts were concealed and not included in any data that was reported by the researcher. Anonymity and privacy was ensured, as each of the selected respondents were contacted in their offices, and the researcher did not mark the specifications of any office or respondent on the questionnaire.

CHAPTER FOUR

PRESENTATION, ANALYSIS, AND INTERPRETATION OF FINDINGS

4.0 Introduction

This chapter presents the findings obtained from the study conducted on the relationship between revenue mobilization strategies and the financial performance of KCCA. The first section of the chapter presents the response rate, followed by demographics, descriptive results of the variables, and inferential statistics.

4.1 Response Rate

The researcher administered 98 questionnaires for structured interviews and 5 key informant interviews were supposed to be conducted. However, 68 questionnaires were returned and the researcher also managed to conduct 5 key informant interviews with officials from KCCA. The response rate is presented in table 4.1 below;

Table 4.1: Response Rate

Category	Questionnaires distributed and Interviews expected to be conducted	Questionnaires collected and interviews conducted	Response rate (%)
Questionnaire	98	68	69.4
Interviews	05	5	100
Total	**103**	**73**	**70.9**

Source: Primary data, 2022

The results presented in table 4.1 show that the overall response rate from the study was 70.9% and this response rate is considered appropriate according to Nulty (2008).

4.2 Demographic Characteristics of Respondents

The demographics covered in the study include gender, position held, age group, highest level of education, and number of years in service at KCCA. The findings on the demographics are summarized in table 4.2.

Table 4.2: Findings on Demographic Characteristics of Respondents

Demographic Characteristics		
Gender	**Frequency**	**Percentage**
Male	15	22.1
Female	53	77.9
Total	68	100.0
Position held	**Frequency**	**Percentage**
Manager	1	1.5
Supervisor	13	19.1
Officer	54	79.4
Total	68	100.0
Age group	**Frequency**	**Percentage**
20-30years	22	32.4
31-40years	30	44.1
41-50years	16	23.5
Total	68	100.0
Level of education	**Frequency**	**Percentage**
Certificate	1	1.5
Bachelor	32	47.1
Postgraduate	23	33.8
Master's Degree	12	17.6
Total	68	100.0
Period worked at KCCA	**Frequency**	**Percentage**
Less than 1 year	11	16.2
1-5 years	23	33.8
6-10 years	33	48.5
Above 10 years	1	1.5
Total	**68**	**100.0**

Source: Primary data, 2022

Table 4.2 presents the findings on the demographic characteristics of respondents who participated in the survey. The study found that the majority of the respondents (77.9%) were females while the least were males (22.1%). The disproportionate representation of females in the study suggests that more females are involved in revenue mobilization compared to their counterparts.

The study found that the biggest proportion (79.4%) of respondents were officers, followed by supervisors (19.1%) and the least were managers. The study's results reflect a significant overrepresentation of officers compared to supervisors and managers. This may suggest that officers are more involved on matters of revenue collection in KCCA.

The research findings revealed that the majority of the respondents (44.1%) were aged between 31 and 40 years, followed by those aged between 20 and 30 years (32.4%), and the least proportion of respondents (23.5%) was aged between 41 and 50 years. The study highlights the prevalence of respondents within the 31-40 years age cohort, implting that this group may be particularly relevant in revenue mobilization in KCCA.

The findings indicate that majority of the respondents were bachelor's degree holders (47.1%), followed by 33.8% who were postgraduate holders, and the least proportion of respondents (1.5%) was having certificate. The significant majority of respondents being bachelor's degree holders implies that this group may have a relatively strong representation and voice in the study. Their educational background may influence their perspectives and responses, particularly if the research pertains to complex topics or requires specialized knowledge.

In relation with the period worked at KCCA, the study found that majority of the respondents (48.5%) had worked for a period between 6 to 10 years, followed by 33.8% of the respondents who had worked for a period between 1 to 5 years, and the smallest proportion of respondents (1.5%)

had worked above 10 years. The majority of respondents having worked for a period between 6 to 10 years suggests that this group may have a deeper understanding of the study subject matters, potentially influencing their perspectives and responses.

4.3 Descriptive Findings on the Study Variables

This section covers the descriptive statistics on the study variables as highlighted in different subsections below.

4.3.1 Descriptive Statistics on Electronic Collection of Local Revenue in KCCA

The researcher presents the respondents' level of understanding on electronic revenue collection in KCCA. The findings are presented in percentages, means, and standard deviations. The mean score above 3 indicates high perceived level of respondents on electronic revenue collection in KCCA while the mean score less than or equal to 3 shows low perceived level of respondents on electronic revenue collection in KCCA. The findings are presented in table 4.3.

Table 4.3: Descriptive Statistics on Electronic Collection of Local Revenue in KCCA

Statements	SD (%)	D (%)	NS (%)	A (%)	SA (%)	Mean	Std. Dev
The clients use mobile money when paying their taxes	22.1	19.1	5.9	17.6	35.3	3.25	1.624
There is use of online banking when clearing taxes by clients	5.9	7.4	8.8	19.1	58.8	4.18	1.221
The clients clear their taxes through paying directly in the bank			1.5	17.6	80.9	4.79	0.442
The clients use Pay way machines when paying their tax dues to KCCA	1.5	7.4	2.9	26.5	61.8	4.4	0.964
The clients pay their dues using e-city application	7.4	10.3	8.8	11.8	61.8	4.1	1.34

Source: Primary data (2022)

Table 4.3 presents the descriptive statistics on the respondents' perceptions on electronic collection of revenue in KCCA. The findings reveal that majority of the respondents (52.9%) were in agreement that clients use mobile money when paying their taxes at KCCA (mean=3.25, Std. Dev=1.624). The findings may imply that the clients use mobile money when paying taxes which could be advantageous in improving revenue collections in KCCA. The study found that most of the respondents (77.9%) were in agreement that there is use of online banking when clearing taxes by clients in KCCA as indicated with a mean score of 4.18 and standard deviation of 1.221. This implies that tax payers use online banking when clearing taxes and this improve on tax revenue collection and compliance.

The findings from the study indicate that KCCA clients clear their taxes through paying directly in the bank as supported by majority of the respondents (mean=4.79, Std. dev=0.442). The findings may imply that there is improved revenue collection compliance since taxes pay their tax dues in the bank. The findings reveal that most of the tax payers use Pay way machines when paying their tax dues to KCCA as agreed by the biggest proportion of respondents in the study (88.3%). This may imply that it is easy for payment and clearance of revenues by clients since they use pay-way electronic method which may improve on revenue collections.

The study also found that most of the respondents (61.8%) were in agreement that KCCA clients pay their tax dues using e-city application (mean=4.1, Std. dev=1.34). This may imply that there is improved tax revenue collection compliance since the e-city application eliminates loop holes in revenue collection like bureaucracy and embezzlement of funds.

4.3.2 Descriptive Statistics on Voluntary Tax Compliance in KCCA

This section presents the respondents' perception on voluntary tax compliance in KCCA. The findings are presented in percentages, means, and standard deviations. The mean score above 3 indicates high perceived level of respondents on voluntary tax compliance in KCCA while the mean score less than or equal to 3 shows low perceived level of respondents on voluntary tax compliance in KCCA. The findings are presented in table 4.4.

Table 4.4: Descriptive Statistics on Voluntary Tax Compliance in KCCA

Statements	SD (%)	D (%)	NS (%)	A (%)	SA (%)	Mean	Std. Dev
Clients pay the renewal of their licenses without being forced	8.8	29.4	19.1	41.2	1.5	2.97	1.065
Clients clear their tax dues in time without being forced	11.8	45.6	19.1	22.1	1.5	2.56	1.013
The clients comply to the new taxes added by KCCA	11.8	27.9	26.5	32.4	1.5	2.84	1.06
There is no tax avoidance by tax payers in Kampala	33.8	47.1	8.8	8.8	1.5	1.97	0.962
The clients do not evade from paying taxes	30.9	51.5	10.3	4.4	2.9	1.97	0.930

Source: Primary data (2022)

Table 4.4 presents the findings on descriptive statistics on voluntary tax compliance in KCCA. The findings reveal that majority of the respondents were in disagreement that clients pay the renewal of their licenses without being forced as indicated with a mean score (2.97) which is below the 3 and a standard deviation of 1.065. The findings may imply that clients are forced to make renewal of their licenses and this may affect revenue collection performance since it may result into tax avoidance. The study found that the biggest proportion of respondents (57.4%) were in disagreement that clients clear their tax dues in time without being forced as indicated with a mean score (2.56) which is below the threshold. This may imply that KCCA clients are forced to clear their tax dues in time.

The results from the study reveal that KCCA clients do not comply to the new taxes added by KCCA as indicated by the biggest proportion of respondents who disagreed with the statement (mean=2.84, Std. dev=1.06). The findings may imply that most of the clients do not comply to the new taxes added by KCCA and this could affect the revenue collection performance. Concerning tax avoidance, majority of the respondents were in disagreement that there is no tax avoidance by tax payers in Kampala as shown with a mean score value (1.97) which is below the threshold of 3. The findings may imply that there is tax avoidance by tax payers in Kampala and this may affect the revenue collected. Lastly, the study revealed that KCCA clients evade from paying taxes as indicated with a mean score (1.97) which is below the threshold of 3. This implies that some clients of KCCA evade paying taxes and this may affect the revenue collection performance.

4.3.3 Descriptive Statistics on Direct Field Revenue Collection

This section presents the respondents' perceptions on direct field revenue collection in KCCA. The findings are presented in percentages, means, and standard deviations. The mean score above 3 indicates high perceived level of respondents on direct field revenue collection in KCCA while the mean score less than or equal to 3 shows low perceived level of respondents on direct field revenue collection in KCCA. The findings are presented in table 4.5.

Table 4.5: Descriptive Statistics on Direct Field Revenue Collection in KCCA

Statements	SD (%)	D (%)	NS (%)	A (%)	SA (%)	Mean	Std. Dev
There is manual revenue collection by the field officers of KCCA	72.1	11.8	1.5	7.4	7.4	1.66	1.265
The field enforcement is conducted to enable clients pay their tax dues	2.9	5.9	4.4	39.7	47.1	4.22	0.99
The officers move through the field to ensure that non-compliant tax payers become compliant		2.9		45.6	51.5	4.46	0.656
KCCA uses its officers to collect market tax dues manually	44.1	17.6	7.4	11.8	19.1	2.44	1.596
The road parking fees are collected manually by the field officers	63.2	13.2	4.4	11.8	7.4	1.87	1.348

Source: Primary data (2022)

Table 4.5 presents the findings on the respondents' opinions on direct field revenue collection in KCCA. Concerning manual revenue collection, the study found that majority of the respondents were in disagreement (83.9) that there is manual revenue collection by the field officers of KCCA. This means that revenue is not collected manually by KCCA and this reduces on the revenue lost through field officers. The study found that field enforcement is conducted to enable clients pay their tax dues since majority of the respondents (86.8%) were in agreement with the statement. The observations from the study also indicate that officers move through the field to ensure that non-compliant tax payers become compliant as indicate with a mean score of 4.46 and standard deviation of 0.656.

The findings reveal that the biggest proportion of respondents (61.7%) were in disagreement that KCCA uses its officers to collect market tax dues manually. This implies that market tax dues are not collected manually in KCCA. The study also found that majority of the respondents (76.4%) were in disagreement that road parking fees are collected manually by the field officers in KCCA.

This implies that that road parking fees are not collected manually and eliminates the revenue lost through the field officers which increases on revenue collection compliance.

4.4 Correlation Analysis between the Study Variables

This section presents the correlation analysis between the study variables to establish whether they are related. The results are presented in table 4.6.

Table 4.6: Correlation Analysis between the Study Variables

		Electronic collection of local revenue	Voluntary revenue Compliance	Direct field revenue collection	Financial Performance
Electronic collection of local revenue	Correlation Coefficient	1			
	Sig. (2-tailed)				
	N	68			
Voluntary revenue Compliance	Correlation Coefficient	0.568**	1		
	Sig. (2-tailed)	0.000			
	N	68	68		
Direct field revenue collection	Correlation Coefficient	0.621**	0.617**	1	
	Sig. (2-tailed)	0.000	0.000		
	N	68	68	68	
Financial Performance	Correlation Coefficient	0.769**	0.739**	0.536**	1
	Sig. (2-tailed)	0.000	0.000	0.000	
	N	68	68	68	68

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Primary data (2022)

The findings from table 4.6 reveal that electronic collection of revenue had a strong positive and significant relationship with financial performance in KCCA (r=0.769, P-value (0.000)<0.01). The findings may imply that increased revenue collection using the electronic system is positively related to increased financial performance in terms of revenue collected and meeting the set targets.

The correlation findings reveal that voluntary revenue compliance had a strong positive and significant relationship with financial performance in KCCA (r=0.739, p-value (0.000) <0.01). This may imply that increased revenue collection compliance is strongly related to the financial performance of KCCA.

Lastly, the evidence from the correlation analysis indicates that direct field revenue collection had a moderate positive and significant relationship with financial performance in KCCA (r=0.536, p-value (0.000) <0.01). The findings may imply that direct revenue collection from the field is associated with the moderate financial performance of KCCA.

4.5 Regression Analysis on the Specific Objectives

The regression analysis was performed to determine the effect of electronic collection of local revenue, Voluntary compliance, and direct field revenue collection on the financial performance of KCCA. The findings are presented using a multiple linear regression model as shown in table 4.7.

Table 4.7: Regression Model Findings on the Study Objectives

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.993[a]	.987	.986	.08762

a. Predictors: (Constant), Electronic collection of local revenue, Voluntary revenue Compliance, Direct field revenue collection

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	36.669	3	12.223	1591.917	.000[b]
	Residual	.491	64	.008		
	Total	37.160	67			

a. Dependent Variable: Financial Performance

b. Predictors: (Constant), Electronic collection of local revenue, Voluntary revenue Compliance, Direct field revenue collection

Model Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.137	.048		2.851	.006
	Electronic collection of local revenue	.411	.031	.380	13.094	.000
	Voluntary revenue Compliance	.355	.037	.419	9.726	.000
	Direct field revenue collection	.207	.032	.239	6.443	.067

Model summar

a. Dependent Variable: Financial Performance

Source: Primary data (2022)

The estimated regression equation is given below;

FP= 0.137 + 0.411ECLR + 0.355VRC + 0.207DFRC

Table 4.7 presents the regression findings on the study objectives. The regression findings reveal that electronic revenue collection had a significant positive effect on the financial performance of KCCA at a 5% level of significance (β=0.411, P-value (0.000) <0.05). The findings indicate that additional collection of revenue using an electronic system results in an increase in financial performance by 0.411. This implies that an increase in the electronic collection of local revenue through means like e-city application, banks, and pay-way significantly increases the revenue collection, thus increasing the financial performance of KCCA. The revenue collection using an electronic system increased the revenue collected from 63.5 billion in FY 2017/18 to 72.5 billion in FY 2018/19 (KCCA Annual Performance Report, 2020).

The findings from the interviews also confirm that electronic revenue collection has improved the financial performance of KCCA.

> *"Electronic revenue collection improves on the ease of collection, faster, and timely revenue collection backed by ready data collection and storage,"* Respondent 2 explained.

> *"It has increased revenue due to its easiness, reduced cost of collection, and increased compliance since clients operate it from home,"* Respondent 1 added

The study found that voluntary revenue compliance had a positive and significant effect on financial performance in KCCA (β=0.355, P-value (0.000) <0.05). The results indicate that additional voluntary revenue compliance increases on the financial performance by 0.355. This implies that as tax payers become more compliant increases on the revenue collected as well as meeting the set targets by KCCA. The evidence from the KCCA annual performance report of 2020 indicates that voluntary revenue compliance increased revenue collected from15.9 billion in FY 2017/18 to 18.1 billion in FY 2018/19. From the interviews, the researcher observed that voluntary revenue compliance has helped to improve on the financial performance through the increased amount of revenue collected.

> *"Voluntary compliance reduces the cost of collection of revenue but this is yet to be achieved,"* Respondent 5 argued.
>
> *"It improves on revenue collection through reduction in the cost of collection and motivates others to always pay without being forced,"* Respondent 5 added.

Lastly, the study found that direct field revenue collection had no significant effect on financial performance (β=0.207, p-value (0.067) >0.05). This indicates that direct field revenue collection has no association with financial performance of KCCA. The implication is that most of the revenue collection methods are automated and the field collection is very low which could be the reason for not being associated with financial performance.

The results from the ANOVA table indicate that the independent variables had an overall significant effect on financial performance as indicated with F-value of 1591.917 and P-value (0.000) which is below 0.05 level of significance. The results from the adjusted R square reveal that the covariates explain 98.6% of the total variations in financial performance and the remaining 1.4% is explained by other factors. This is an indication that the model was a good fit.

CHAPTER FIVE

SUMMARY OF FINDINGS, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1. Introduction

This chapter covers the summary of findings, discussions, conclusions, and the study recommendations. It further presents the areas for further research which other researchers may put into consideration.

5.2 Summary of Findings

The summary of findings is presented in light with the findings on the specific objectives of the study.

5.2.1 The Effect of Electronic Collection of Local Revenue on Financial Performance of KCCA

The first objective of the study was to examine the effect of electronic collection of local revenue on financial performance of KCCA. The findings reveal at 5% significance level that electronic revenue collection had a significant positive effect on financial performance of KCCA. This resulted into the rejection of the null hypothesis in support of the alternative hypothesis that "electronic collection of local revenue has a significant effect on financial performance of KCCA." This implies that an increase in electronic collection of local revenue significantly increases on the revenue collection, thus increase in financial performance of KCCA.

5.2.2 The Effect of Voluntary Compliance on Financial Performance of KCCA

The second objective of the study was to examine the effect of voluntary compliance on financial performance of KCCA. It was found that voluntary revenue compliance had a positive and significant effect on financial performance of KCCA. This resulted into the rejection of the null hypothesis in support of the alternative that "voluntary compliance has a significant effect on financial performance of KCCA." This implies that as tax payers become more compliant in paying taxes increases on the revenue collected in KCCA.

5.2.3 The Effect of Direct Field Revenue Collection on Financial Performance of KCCA

The third objective of the study was to examine the effect of direct field revenue collection on financial performance of KCCA. The study found that direct field revenue collection had no significant effect on financial performance of KCCA. This resulted into failure to reject the null hypothesis that "direct field revenue collection has no significant on financial performance of KCCA" The implication is that most of the revenue collection methods in KCCA are automated and the field collection is very low which could be the reason for not being associated with financial performance.

5.3 Discussion of Findings

The discussion in this section is in light with the findings on the study objectives and descriptive statistics of the study variables.

5.3.1 Electronic Collection of Local Revenue and Financial Performance of KCCA

The regression findings revealed that electronic revenue collection had a significant positive effect on financial performance of KCCA. The findings are consistent with that of Sani and Sani (2020) who investigated and found out a significant positive effect of electronic tax system on revenue collection efficiency in Kebbi state. The study found that KCCA clients use mobile money when paying their taxes. The findings are in line with Sanga (2015) who observed in his study that there was use of mobile money when paying taxes which increased on the revenue collections and compliance.

The observations from the study indicated that there is use of online banking when clearing taxes by clients of KCCA. The findings are consistent with that of Wamathu (2013), in his study, Kenya Revenue Authority uses online banking when clearing taxes by clients. Findings revealed that the KCCA clients clear their taxes through paying directly in the bank. The findings are also in agreement with the findings of Ayodeji (2014), in his study, Nigeria that there was clearance of taxes by clients through paying directly in the bank which increased on the compliance.

The outcomes from the study indicated that clients use Pay way machines when paying their tax dues to KCCA. The findings are in line with Ezejiofor (2014) who observed that, e-taxation through mobile banking can enhance internally generated revenue and reduce the issue of tax evasion in the state of Enugu in Nigeria. The study also found that clients of KCCA pay their dues using e-city application and this confirms with Kinyanjui and Kahonge (2013) in Kenya who revealed that the use of e-payment of revenue by mobile phone-based technology in mobile parking increased parking fees collection.

5.3.2 The Effect of Voluntary Compliance on Financial Performance of KCCA

The study found that voluntary revenue compliance had a positive and significant effect on financial performance of KCCA. The findings are in agreement with that of Bolboros (2016) who found that voluntary tax compliance had a positive and significant effect on the financial performance of the revenue collection firm. The study found that clients pay the renewal of their licenses after being forced and this is in disagreement with the findings of Bolboros (2016) who noted in his study that clients would pay the renewal of their licenses without being forced.

The evidence from the study indicated that KCCA clients do not clear their tax dues in time without being forced. The findings were in disagreement with Aguolu (2014) who observed in his study that tax payers would clear their tax dues in time without being forced. The study found that clients don't comply to the new taxes added by KCCA and this disagrees with Chukwumerije and Akinyomi (2011) who established that that tax payers were complying to the new taxes added by Nigerian government which increased on the amount of revenue collected.

The study found that there is tax avoidance by tax payers in Kampala and these findings are in contrary with Twesige and Gasheja (2019) who found that there was no a lot of tax avoidance by tax payers in Rwanda which increased on compliance and thus increase in revenue collection performance. The study results indicate that KCCA clients evade from paying taxes and this confirms with Ebieri an Ekwueme (2016) who found observed in their study that there was evading clearance of taxes by some tax payers in Nigeria.

5.3.3 The Effect of Direct Field Revenue Collection on Financial Performance of KCCA

The study found that direct field revenue collection had no significant effect on financial performance of KCCA. The findings are in contrary with Booze et al. (2011) who found in developed countries that adoption of field revenue collection strategy showed a positive significant impact on revenue performance. The study found that there was no manual revenue collection by the field officers of KCCA and this is in line with Prichard (2010) who noted that use of non-manual revenue collection system improved on the tax collection and compliance in United Kingdom.

The study found that field enforcement is conducted to enable clients pay their tax dues and this agrees with Fjeldstad and Heggstad (2012) who observed in their study that field enforcement conducted to enable clients pay their tax dues which improved on revenue collection performance. The evidence from the study also indicated that officers move through the field to ensure that non-compliant tax payers become compliant and the findings are consistent with Abiola and Asiweh (2012) who observed in his study in Nigeria that officers would move through the field to ensure that non-compliant tax payers become compliant. The findings also revealed that road parking fees are not collected manually by the field officers of KCCA and this is in contrary with the findings of Nelimalyani and Kimaiyo (2015) who observed that road parking fees were being collected manually which reduced on tax evasion and avoidance in Kenya.

5.4. Conclusions

In conclusion, firstly, the study findings prove that electronic collection of revenue is instrumental towards improving financial performance of KCCA. For instance, use of mobile money, banks, Pay-way and e-city application are so important in boosting the revenue collected by KCCA. Secondly, the findings proved that voluntary tax compliance is important in improving the financial performance of KCCA. However, some notable gaps in voluntary tax compliance were identified which need immediate intervention by the management of KCCA.

5.5 Recommendations

KCCA should expand and promote the adoption of electronic revenue collection systems. This could involve providing incentives for businesses and individuals to use electronic payment methods, improving the user-friendliness of these systems, and raising awareness about their benefits.

KCCA should advocate for investments in the necessary technological infrastructure to support electronic revenue collection. Ensure that the systems are robust, secure, and capable of handling increased usage as more people transition to electronic payments.

KCCA should develop and implement strategies to foster a culture of voluntary revenue compliance among taxpayers and businesses. Emphasize the importance of tax or fee payments in supporting community services and development.

KCCA should improve transparency in tax or fee collection processes by providing clear and accessible information to taxpayers. Transparency builds trust and encourages voluntary compliance. Communication should include details about tax obligations, deadlines, and the impact of revenue on public services.

There is a need for more sensitization among taxpayers on mobile money use when paying taxes.

The KCCA should continue encouraging taxpayers to pay through banks since this would continue to raise revenue through an electronic system.

There should be an awareness campaign by KCCA to encourage clients to renew their licenses without being forced.

There is a need by KCCA through sensitization campaigns to encourage clients to clear their tax dues in time without being forced.

There should be a new mechanism to prevent taxpayers from avoiding paying taxes since this would help to reduce the amount of revenue lost through tax avoidance.

There is a need for sensitization on the use of electronic means when paying taxes. For instance, taxpayers should be sensitized and trained very well on how to use the e-city application.

There should be continued field enforcement to ensure that taxpayers comply with tax clearance. However, it should be done peacefully by encouraging them to clear their tax dues.

5.6 Areas for further study

The study recommends that a similar study should be conducted at local government level in other districts to study how revenue mobilization strategies affect financial performance.

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APPENDICES

APPENDIX I: QUESTIONNAIRE FOR RESPONDENTS

Dear Respondent

I am **Innocent Sukuku**, pursuing a Degree of Master of Business Administration from Kyambogo University. As a partial requirement for this award, I am undertaking a study on the topic, "Effect of Revenue Mobilization Strategies on the Financial Performance of Kampala Capital City Authority". As an employee at KCCA, where this study is being undertaken, please feel at ease to respond to the questions within this questionnaire. Note that none of the responses is wrong, but instead, provide what you feel is the most applicable response. Please tick the level to which you agree with the given statements. The answers provided will be exclusively used for this study purpose, and will be treated with the highest level of utmost confidentiality and anonymity.

Section A: **Bio data and general information**

1. Position held

(a) Manager ☐ (b) Supervisor ☐ (c) Office ☐

2. Gender ☐ (a) Male ☐ (b)Female ☐

3. Age

[1] 20-30 ☐ [2] 31-40 ☐ [3] 41-50 ☐ [4] 51-60 ☐ [5] 61-70 ☐

4. Level of Education (highest attained)

Post graduate ☐ Bachelor Degree ☐ Diploma ☐ Post Graduate Professional ☐ Certificate ☐

5. Number of years of service at KCCA?

Less than 1 year ☐ 1-5 years ☐ 6-10 years ☐ Above 10 yea ☐

For questions in Section B, C, D and E, please respond to the given statements drawing from the meaning and extent to which you agree with the given assertions. Rate your responses as shown below:

Response assertion	*Strongly Disagree*	*Disagree*	*Not sure*	*Agree*	*Strongly Agree*
Rate score	***1***	***2***	***3***	***4***	***5***

Section B: Electronic collection of local revenue by KCCA

The following statements are to assess the electronic collection of local revenue in KCCA.

Please respond to the way you agree with the given statements.

S/N	Statement	Rating Score				
		1	2	3	4	5
1	The clients use mobile money when paying their taxes					
2	There is use of online banking when clearing taxes by clients					
3	The clients clear their taxes through paying directly in the bank					
4	The clients use Pay way machines when paying their tax dues to KCCA					
5	The clients pay their dues using e-city application					

Section C: Direct field revenue collection by KCCA

The following statements are to find out the extent of direct field revenue collection in KCCA.

S/N	Statement	Rating Score				
		1	2	3	4	5
1	There is manual revenue collection by the field officers of KCCA					
2	The field enforcement is conducted to enable clients pay their tax dues					
3	The officers move through the field to ensure that non-compliant tax payers become compliant					
4	KCCA uses its officers to collect market tax dues manually					
5	The road parking fees are collected manually by the field officers					

Section D: Voluntary Compliance

The following statements are to examine the extent of voluntary tax compliance in Kampala. Please respond to the way you agree with the given statements

S/N	Statement	Rating Score				
		1	2	3	4	5
1	Clients pay the renewal of their licenses without being forced					
2	Clients clear their tax dues in time without being forced					
3	The clients comply to the new taxes added by KCCA					
4	There is no tax avoidance by tax payers in Kampala					
5	The clients do not evade from paying taxes					

Section E: Financial Performance of KCCA

The following statements are to examine the extent of financial performance of KCCA.

Please respond to the way you agree with the given statements

S/N	Statement	Rating Score				
		1	2	3	4	5
1	The revenue collected by KCCA meet the set targets					
2	There is improved revenue collection by KCCA					
3	The revenue compliance has increased on revenue collection of KCCA					
4	The revenue policies have enabled the set revenue targets to be met by KCCA					
5	The trend in revenue collection has been increasing since the last five years					

APPENDIX II: INTERVIEW GUIDE FOR TOP ADMINISTRATORS

Dear respondent

I am Innocent Sukuku, pursuing a Master of Business Administration Degree from Kyambogo University. As a partial requirement for this award, I am undertaking a study on the topic, "Effect of Revenue Mobilization Strategies on the Financial Performance of Kampala Capital City Authority". As a top administrator at KCCA, where this study is being undertaken, please feel at ease to respond to the questions in this interview.

Questions

1. Are you directly involved in revenue mobilization and collection, and what is the average local revenue collected by KCCA?
2. What are the various forms of local revenue collected by Kampala Capital City Authority (KCCA)?
3. How does electronic collection of local revenue influence revenue performance Kampala Capital City Authority (KCCA)?
4. How does Voluntary compliance influence revenue performance of Kampala Capital City Authority (KCCA)?
5. What is the effect of direct field revenue collection by Revenue Officers on revenue performance of Kampala Capital City Authority (KCCA)?

Thank you