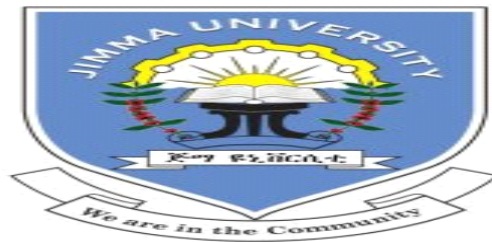


***Analysis of Public Revenue Mobilization and its Administration
in Dawro Zone Revenue Authority***

*A thesis Submitted to the School of Graduate studies of Jimma University
for the Partial Fulfillment of the Award of the Masters Degree in Public
Management (MPM)*

BY:

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**JIMMA UNIVERSITY
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PROGRAM: MPM**

**JUNE 5, 2017
JIMMA, ETHIOPIA**

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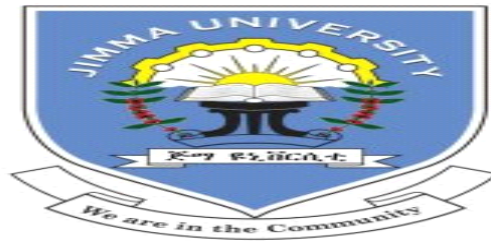
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Under the guidance of
Girmaw Assemie (PhD)

And

Ato. Muluken Ayalew



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PROGRAM: MPM**

**JUNE 5, 2017
JIMMA, ETHIOPIA**

DECLARATION

I hereby declare that this thesis entitled “Analysis of public revenue mobilization and its administration in Dawro zone revenue Authority”, has been carried out by me under the guidance and supervision of Dr. Girmaw Assemie and Ato Muluken Ayalew.

The thesis is original and has not been submitted for the award of degree of diploma any university or institutions.

Researcher’s Name

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MPM PROGRAM

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We, the undersigned, members of the board of examiners read this thesis **Analysis of Public Revenue Mobilization and Its Administration in Dawuro Zone Revenue Authority** and evaluated the final defense by **TadeleFeleke**. We examined the candidate and then we certify that it is suitable submission for the award of Master Degree in Public Management

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ABSTRACT

The purpose of this study is to investigate the factors that are impeding public revenue mobilization and its administration in Dawro zone administration revenue authority. This research adopted a descriptive and hypothesis testing research designs. 200 local revenue authority employees and business taxpayers were selected using systematic random sampling technique. The study was based on using primary data through questionnaire and interview and secondary data from revenue performance for the last 5 years in the local governments. The collected data were analyzed by using the Statistical Package for Social Science (SPSS) version 20 for Windows. In addition to this, the data were presented using tables, bargraph, charts, lines and pie charts. The result revealed that the revenue administration system and tax reforms of the country in its kinds of directives positively and significantly affect public revenue performance. However, competence level of revenue collectors in current staffing manner has negative and significant impact on revenue performance. Finally, the study recommended measures such as a boost in implementation of tax reforms of the country and revenue administration systems needed to be continuous improvement. The local government should parties with manufacturing companies to establish factories and efficient utilization of man power to enhance revenue performance.

Key words: *Public revenue, revenue administration, competence, tax reform, spss*

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Tables of contents

<i>ABSTRACT</i>	i
ACKNOWLEDGEMENTS	ii
Lists of Figures	vii
ACRONYMS/Abbreviations.....	viii
1.1. Background of the Study	1
1.2. Statement of the problem	3
1.3, Objectives of the Study.....	4
1.4 .Hypotheses.....	5
1.6. Scope of the Study	5
1.7 Limitations of the study	6
1.8. Organization of the study.....	6
CHAPTER TWO	7
2. LITERATURE REVIEW	7
2.1. Introduction.....	7
2.2. Definition of Revenue.....	7
2.2.1. Sources of public revenue.....	8
2.2.2. Tax Revenue	9
2.2.3. Meaning and concepts of Tax.....	9
2.2.4. Classification of Taxes in Ethiopia.....	10
2.2.5. Direct Tax	11
2.2.6. Indirect Taxes.....	11
2.2.7 The Principles of Taxation.....	11
2.2.8. Objectives of Taxation.....	12
2.2.10 . Non-tax Revenue	13

2.3. Revenue administration system	14
2.3.1 . Functions of a Good Tax Administration	15
2.4. Tax reform of the country	15
2.5. Competence and Performance of Employee.....	16
2.6 . Empirical Review.....	17
2.6.1. Fiscal Policy Implications.....	18
2.6.2. Ethiopia tax reform	19
2.6.3. Ethiopia’s administrative reform	19
2.7. Conceptual framework of variables	20
CHAPTER THREE	21
3. RESEARCH METHODOLOGY.....	21
3. 1 Introduction.....	21
3.2. Description of the study area	21
3.3. Research Design.....	21
3.4. Target population, Sampling Procedure and Sample Size.....	22
3.5. Sources of Data	24
3.6. Data Collection Instruments	24
3.7. Explanation of variables.....	24
3.8 . Method of data analysis	26
3.9 Validity and Reliability of the Instruments.....	27
3.9.1 Reliability of the Instruments.....	27
3.9.2. Validity of instruments	27
3.10 Ethical Consideration.....	28
4.2. Data presentation and Analysis.....	29
4.2.1. Demographic characteristics of respondents	29

4.2.2. Descriptive statistics	30
4.3.2. Time Series Data from Local Authorities	30
4.4. Inferential statistics	42
4.4.1 Test results for OLS assumptions	43
4.4.1.1. Normality Test of distribution	43
4.4.2 Test of multicollinearity	44
4.4.3 correlations coefficient	44
4.4.4. Regression Analysis	47
5.4. Future research direction	55
References	56
Annex- I	i
Anex - II	iv
Anex- III	ix

Lists Tables

Table 1: Five categories of competencies	17
Table 2: Respondents Sample Frame	23
Table 3: Reliability Statistics	27
Table 4: Gender of the respondents	29
Table 5: Age of the respondents	30
Table 6: The share of revenue in Dawro Zone 2011/12-2015/16	30
Table 7: The share of in three selected woredas 2011/12-2015/16	32
Table 8: Share of Revenue from Total Budget of SNNPRS.....	33
Table 9: Responses regarding the sources of public revenue	34
Table 10: Responses regarding the revenue administration system	35
Table 11: Responses regarding the competence level of revenue collectors.....	38
Table 12: Responses regarding the tax reforms of the country	40
Table 13: Correlation	45
Table 14: Correlation	46
Table 15: Correlation	46
Table 16: Model Summary ^b	47
Table 17: ANOVA ^a	48
Table 18: Revenue performance Model.....	48

Lists of Figures

Figure 1: Gender of the respondents.....	29
Figure 2: Share of revenue in Dawroadministration (000000).....	31
Figure 3: Share of Revenue from Total Budget of SNNPRS (00000000).....	34
Figure 4:Responses regarding revenue administration system.....	38
Figure 5 :Responses regarding the competence level of revenue collectors	39
Figure 6: Responses regarding the tax reforms of the country	42
Figure 7: Normality Test of distribution.....	43

ACRONYMS/ABBREVIATIONS

DARA	-----	Dawro Zone Administration Revenue Authority
DODFED	-----	Department of Dawuro Finance and Economic Development
ECA	-----	Ethiopian Custom Authority
ERCA	-----	Ethiopian Revenue and Custom Authority
FIR	-----	Federal Inland Revenue
GDP	-----	Gross Domestic Product
IGFs	-----	Internal Generation of Funds
IMF	-----	International Monetary Fund
LA	-----	Local Authority
LGAS	-----	Local Governmental Authorities
NGOs	-----	Non- Governmental Organization
NLA	-----	National Lottery Administration
RP	-----	Revenue performance
SNNPRS	-----	Southern Nations, Nationalities and People's Regional State
SPSS	-----	Statistical Package for Social Science
UN	-----	United Nations
UNO	-----	United Nations Organization
VAT	-----	Value-Added Tax

CHAPTER ONE

1. INTRODUCTION

1.1. Background of the Study

Public organization needs revenue from taxation and non-tax revenue which provides governments with the funds needed to invest in development, alleviate poverty and render public services directed toward the physical and social infrastructure required to enhance long-term growth. Strengthening domestic resource mobilization is not just a question of raising revenue: it is also about designing a revenue system that promotes inclusiveness, encourages good governance, improves accountability of governments to their citizens, and cultivates social justice. Revenue system design and delivery closely linked to domestic and international investment decisions, including in terms of transparency, anti-corruption and fairness, as it may serve to improve the framework for attracting increased private investment(Dennis1 & Emmanuel, 2014).

Decisions on public expenditures and revenues are the main concern in fiscal decentralization in federal countries. Governments spend a large amount of resources making various decisions in performing various public responsibilities, and allow regional governments to spend on public goods and services that may not necessarily conform to the federal government's ultimate objectives. Compared to private expenditures, government spending is considerably large. It is also characterized by inefficiencies and lack of accountability, transparency, and responsibility in general. It most probably happens in many countries due to weak administrative and technical measures. Governments' operations and responsibilities are very complex and their targets in a particular expenditure are diverse, and achieving all these targets complex administrative and managerial structures and skills. In a centralized government structure, all the commands are located at the center and sub-national governments are expected to accomplish the policy directions of the center (Akorsu, 2015).

On the other hand, in a federal country the devolvement of responsibilities and accountabilities to the regional governments eases the central burden of specific decisions. Furthermore, the degree of control over public operation in centralized and decentralized

government differ in that in a centralized system the accomplishment of policy can be evaluated from the viewpoint of the accomplishment of the centrally designed and approved policy directions. In the circumstance of decentralized structure, lower tiers are entitled to accomplish both the central government's policy and their local preferences together and strike the balance between them, that is, regional governments are striking the balance between their local preferences and the central government's social, economic and political directions. (Mentta & Mishra, 2014).

According to Bird and Vaillancourt (1998) Public expenditures require very comprehensive administrative, political, and economic decisions. For example, sub-national spending accounts for 6 percent to 50 percent in twenty-one developing countries. In ten developing countries, the local spending ranges between 12 percent and 53 percent with an average spending of 26 percent. Thus, decisions on public spending should be thoroughly scrutinized as they have impact on economic resources of government.(Mentta & Mishra, 2014).

Public sector domestic revenue comprises tax plus non-tax revenues collected by a government from citizens, resident noncitizens and local businesses, including those owned by foreigners. It excludes official development assistance provided by more developed countries and multilateral agencies (such as various United Nations (UN) development agencies, World Bank, International Monetary Fund (IMF), Africa Development Bank, etc.) in form of grants, soft credit, commercial loans, etc. It also excludes investments in the country by foreign corporations and governments, as well as funds and other support to development by foreign non-governmental organizations (NGOs) (IMF, 2013).

In Ethiopia, the responsibility to collect revenue for the Federal Government rests with the Ethiopian Revenue and Custom Authority (hereafter cited as the ERCA).And there are different tax administrators at each region, which SNNPRs is the one. In addition to raising revenue, the authority is responsible to facilitate the legitimate movement of people and goods across the border. Simultaneously, the Authority focuses on those people and vehicles that may involve in the act of smuggling i.e. the act of bringing in to or taking out of the country goods on which customs duty and taxes are not paid and goods the importation or exportation of which are prohibited by law. The authority also conducts investigations, audit and prosecute offenders. Also closely works with the other border agencies the immigration service, the federal police, Ministry of Health etc(Netsanet, 2013).

Therefore, this study attempts to examine the hindering factors to archive full potentiality on revenue mobilization and its administration in the dawuro zone and comparing the share of major categories revenues to total revenues of the zonal administration.

On the basis of the above background, this study is initiated to examine the challenges in tax administration, tax collection procedures from taxpayers found in dawuro zone.

1.2. Statement of the problem

A government finances its expenditures through the fund acquired from the service given by the government, tax, loan and donation. From all sources of finance, tax is the major source; however, in most developing countries, it is a common phenomenon to notice serious problems in developing adequate tax systems that permits a government sufficiently finances its expenditures (IMF,2006).

According to Afuberoh et al (2014) tax administration has to secure compliance with the laws by applying an arrayof registration, assessment and collection procedures. However, finding ofthe above mentioned author reveals that sub-Saharan Africa countries local government faced with myriads of problems ranging from corruption and embezzlement, poor financing, lack of awareness on sources of revenue, their skill gaps on sides of tax officials.Anevaluation of the effectiveness of revenue mobilization in the public sector of Ghana,Patrick Kwashie Akorsu (2015)found out that Ghana was unable to mobilize adequate resources in terms of funds to help meet its socioeconomic and political obligations to consumers of public goods and services in the local government due to the fact that only traditional means of mobilizing funds are used.

In Ethiopia various efforts have been made to reveal the determinants in public revenue mobilization Asaminew(2012), the major causes for tax assessment and collection problems are: Inefficiency and ineffective tax administration,lack of adequate skills and absence of willingness and poor understanding about the concept of tax by tax payers, lack competent and motivated tax officers.According to Abu (2013), fiscal decentralizationis exercised with high horizontal and vertical imbalances, it fails to diversify public output in line with thepreferences and priorities of local population and to internalize the decisions of regional governmentswithin their own jurisdictions.

Fiscal policies with emphasis on the role of taxation as an instrument of economic development has been implemented (Alemayehu & Abebe, 2005). Despite such effort, the country's economy rely substantially on loans and grants to finance its investment requirement. Furthermore, the ability to generate adequate fiscal revenue is determined by different socio economic and political factors, which may have different effects on tax revenue either negatively or positively. Therefore, examining the effects of internally generated revenue on economic performance depends on identifying the factors affecting the revenue mobilizing capacity. . To the knowledge of the researcher, the study on the analysis of internally generated revenue in Dawro zone administration has not been made. Due to socio-economic, cultural and geographical differences of an area the constraints that affect the public revenue mobilization may vary from place to place which necessitated the need for zonal level analysis of public revenue mobilization. various studies have been made the literature like, Alemayehu and Abebe (2005) attempted to investigate the tax performance of Ethiopia. However, Alemayehu and Abebe studied only the tax performance of Ethiopia across regimes; they did not try to show the factors contribute to the revenue generation of Ethiopia. On the other hand, Tadele (2013) investigated the determinants of tax buoyancy (the ratio of percentage change of tax revenue to percentage change of GDP), he did not attempted to search for determinants that would impact tax and non-tax revenue generation in Ethiopia. In addition to these, Dawuro zone administration Revenue Authority office 2015 annual report highlights that there is low revenue mobilization these implies that a gap between tax reported by taxpayers and actual taxable income. Tax reported by the taxpayer is less than the tax payable under the law. Increasing operating expenses, exaggerating non -VAT sale, incorporating unrelated expenses to business are the reasons for decreasing taxable income. The report also shows that the Revenue Authority collects less revenue from business profit tax (63%) compared with the plan (Dawuro zone Revenue Authority repoert, 2015). Therefore, it is invaluable to investigate the determinants in public revenue mobilization and its administrationpractices of the Dawuro zone revenue authority.

1.3, Objectives of the Study

The main objective of the study is to examine the factors that are impeding the revenue mobilization and administration activities in dawuro zone administration revenue authority. In achieving this broad objective, the study seeks:

1. To assess sources of public revenue available to Dawuro zone Administration
2. To examine the revenue administration practices in revenue mobilization process
3. To evaluate the extent to which the competence level of revenue collectors affects revenue mobilization
4. To determine how tax reform of the country affect tax revenue mobilization in Dawro zone Administration Revenue Authority.

1.4 .Hypotheses

In line with the above specific objectives, the following four hypotheses were tested:

H1: There is a significant and positive impact sources of revenue on revenue performance

H2: There is a significant impact revenue administration system on revenue performance

H3: There is a positive and significant effect competence level of revenue collectors on revenue performance

H4: Tax reforms of the country have a positive and significant impact on revenue performance

1.5. Significance of the Study

Apart from, being an obligatory requirement of partial fulfillment for the award of masters degree in public management (MPM) to the researcher. Moreover, the research is significantly considering the closeness of local government to the grassroots' people and the need to utilize substantial revenue for its various sources to their activities in addition to federal and state statutory allocation for developmental purposes. The study helps to identifying some means of generating revenue that neglected over years. It is also be beneficial to the local government at grassroots because the improved revenue generation means improved standard of living in form of provision of social amenities such as road, hospital, park, drinkable water, rural electrification etc. The study can be educative as it is used as reference point for other policy makers, administrators and future researchers.

1.6. Scope of the Study

The spatial scope of the study was delimited to Dawro zone Administration which is one of 14 zones in SNNPRS. This is because there was low internally generated revenue mobilization trend for the last four years. It was below 25% when compared with the total revenue of the

zone (Otoro, 2015). The study was focused on revenue mobilization and its administration of Dawro zone Revenue Authority in three woredas in the zone (Mareka, Loma & Tocha) for the period of five years (2010/11-2015/6) in woredas with in the same tax reform periods. The study was delimited to three woredas among five woredas in the zone because of shortage of time and money and also in those woredas the essential revenue data for the study were handled and managed properly in a computerized way.

1.7 Limitations of the study

Limitation of the study was Shortages of adequate secondary data and the reluctance of some officials to provide the required information are the limitation of the study. It was difficult to meet respondents timely as well as lack of motivation from respondents in answering questionnaires. However, necessary precautions have been made so that those limitations of the study were not affect findings of the study.

1.8. Organization of the study

The study is organized in to five chapters. Chapter one comprises of the background of the study, statement of the problem, objectives the study, hypotheses, significant of the study, scope of the study and limitation of the study. Chapter two devote to the related literature review, while chapter three concentrates on the methodology of the study. Chapter four on the other hand, deals with the presentation and analysis of data. Finally, chapter five handles conclusion and recommendations of the study..

CHAPTER TWO

2. LITERATURE REVIEW

2.1. Introduction

This chapter presents the review of some related literature made with reference to the concept of public revenue, sources of public revenue, tax revenue administration, tax reforms of the country, competence level of tax officers and revenue generation strategies, theoretical framework and empirical reviews.

2.2. Definition of Revenue

As cited by Adenugba(2013) revenue has been defined by various authors in different ways. Adam (2006) defined revenue as the fund required by the government to finance its activities. These funds are generated from different sources such as taxes, borrowing, fine, fees etc. It is also defined as the total amount of income that accrues to an organization (public or private) within a specified period of time (Hamid, 2008). States revenue comprises of receipt from taxation as well as those, which are not the proceeds of taxation, but of the realization either from the sale of government properties or other interests and returns from loans and investment earning. Bhatia (2001) contends that revenue receipt include “routine” and “earned” income. For these reasons, according to him, revenue do not include borrowing and recovery of loans from other parties, but it includes tax receipts, donations, grants, fees and fines and so on. Similarly, Pearce (1986) defined government revenue as all the money received other than from issue of and debt, liquidation of investments. Government revenue includes tax collections, charges and miscellaneous revenues, utility and insurance trust revenue for all funds and agencies of a government. Public revenue according to Stephen and Osagie (1985) is concerned with various ways in which the government raises revenue(Edogbanya et al, 2013).

Public revenue could be defined as the funds generated by the government to finance its activities. In other words revenue is the total fund generated by government (Federal, state, local government/ to meet their expenditure for a fiscal year. This refers also to the grand total of money of income received from the source of which expenses are incurred. Revenue could be internal or external revenue Government revenue is money received by a government. It is

an important tool of the fiscal policy of the government and is the opposite factor of government spending. Revenues earned by the government are received from sources such as taxes levied on the incomes and wealth accumulation of individuals and corporations and on the goods and services produced, exports and imports, non-taxable sources such as government-owned corporations' incomes, central bank revenue and capital receipts in the form of external loans and debts from international financial institutions. The sources of finance used by the central government are mainly taxes paid by the public (Edogbanya et al, 2013).

2.2.1. Sources of public revenue

Public sector domestic revenue comprises tax plus non-tax revenues collected by a government from citizens, resident noncitizens and local businesses, including those owned by foreigners. It excludes official development assistance provided by more developed countries and multilateral agencies (such as various United Nations (UN) development agencies, World Bank, International Monetary Fund (IMF), Africa Development Bank, etc.) in form of grants, soft credit, commercial loans, etc. It also excludes investments in the country by foreign corporations and governments, as well as funds and other support to development by foreign non-governmental organizations (NGOs).

Public sector domestic revenue mobilization is critical in public administration in Africa for three purposes. First, maintaining a public administration is expensive. The total costs of salaries and other employment benefits (also known as the total wage bill) of government employees in most African governments exceeds a third of the total budget. As a matter of fact, in the past two decades, for many governments on the continent, the total wage bill was more than 50% for all domestic revenues (Kiragu & Mukandala, 2005). Second, domestic revenue mobilization is necessary for sustainable development and for enabling resource poor states- “to provide and maintain even the most basic public services” (Fjeldstad and Rakner, 2003). Third, and related to the last one, because aid (also referred to as official development assistance - ODA) comes with conditions that could undermine the sovereign status and sense of national independence and pride, many African governments aspire to replace aid through enhanced domestic revenue mobilization (Kariuki & Kiragu, 2011).

2.2.2. Tax Revenue

Taxes are important sources of public revenue. Public goods and services are normally subject to collective consumption, thus requiring that we put some of what we earn into government hands. Public goods are normally supplied by public agencies due to their natures of non-rivalry and non-excludability. The nature of consumption of public goods is such that consumption by one does not reduce consumption for others. Besides, consumption of public goods by an agent does not exclude others from doing same. Such nature of public goods therefore makes them impossible for private suppliers to avail them at market prices like other commodities. Government intervention in the supply of public goods is, therefore, inevitable and can only be done if the public pays taxes for the production and supply of such goods.

To that end, immediately and directly, any government's priority is the generation of revenue money by means of which it can procure such services and goods necessary for the performance of its functions. In the past, government sought to undertake this duty through numerous ways amongst which tributes and booty, feudal services, grants, aids, military duty and cultivation of crown lands are known to be the most prominent ones. Later on, with civilization and the modernization of states, governments started to procure revenue indirectly by means of revenue collected in the form of money from the citizens of the state in which the government in question exercises its functions. Therefore, so long as a system of private property subsists, individuals must contribute from their property for the support of government. Such contributions are due from those citizens of a state over whom a government may directly exercise jurisdiction, as with respect to their property, or for whom any of its functions may be directly performed, as for the defense of their persons or property. All in all, from the point of view of the individual, tax is a contribution whereas from the point of view of the government tax is a collection or procurement(GTZ, 2005)

2.2.3. Meaning and concepts of Tax

Tax has been defined by various authorities and professionals in various ways. Conceptually, tax can be defined or seen as a compulsory transfer of resources from the private to the public sector (Uremadu, 2000). According to Adesola (1998), tax is a compulsory levy, which a government imposes on its citizens to enable it to obtain the required revenue to finance its activities. And the other scholars Lymer and Oats (2009), tax is defined as 'a compulsory

levy, imposed by government or other tax raising body, on income, expenditure, or capital assets, for which the taxpayer receives expenditure, or capital assets, for which the taxpayer receives nothing specific in return'(Netsanet, 2013).

According to the legal doctrine, a tax is defined as a fixed monetary payment to be paid by a natural or legal person to the state budget, determined by the state laws on taxes, that is universally obligatory and unrequited as well as non-refundable individually, with the aim of collecting revenue for the financing of public interests (Medeliene, Sudavicius, 2011). According to G. M. Pajuodiene (1998), 'taxes are binding payments to the state'. J. Rimas and Staciokas (2004), determine taxes as mandatory payments of natural and legal persons to the state and its local governments. Austrian economist L. Mises has written about taxes in the following way: 'If taxes become increased above the moderate range, they cease to be taxes and become a demolition machine of the market'economy'(Mises, 2006). There is no solid estimation between scientists and financial experts on this issue.

A single-step alternative to taxation is the use of government power to acquire resources directly. The most common example of this is the military draft. When resources are acquired directly, their owners bear the cost of finance by losing the opportunity to use them in the way that maximizes their income or satisfaction(Hyman, 2011).

2.2.4. Classification of Taxes in Ethiopia

A tax is a compulsory contribution of persons toward the needs of government. It follows from this definition (a) that a tax involves coercion upon its bearers, (b) who are in every case, either natural or legal persons, and (c) a specific public purpose as its end. Taxation includes the processes of levying, collecting, and paying taxes. Though taxes were historically voluntary contribution toward the expenses of government, gradually they were transformed into obligatory actions. At the present time, payment of taxes is obligatory in all civilized nations. The bearer of the tax is in all cases a person. Property belongs to someone, and when it is taken by means of taxation, the owner bears the burden. There can be no vital relation of obligation between inanimate property and the living state. The duty of supporting the state rests upon those who receive protection from it. While a large measure of the protection which the subject receives from the sovereign takes the form of security of possession, the thing possessed is but an incident in the relationship of the state and the individual. The third

element in the definition of a tax is a specific public purpose as its object. Taxes are levied for the benefit of government as a whole, not for the advantage of individuals or of a particular class.

A commonly applied classification of taxes is into direct and indirect taxes. The classification of taxes into direct and indirect owes to the relationship between the nature of the taxes and the reason for payment of the taxes (GTZ, 2005).

2.2.5. Direct Tax

A direct tax is one for which the formal and economic incidence are essentially the same, i.e. the taxpayer is not able to pass the burden to someone else. Accordingly, direct taxes are paid entirely by those persons on whom they are imposed. Direct tax revenue in Ethiopia consists of tax on income from employment, business profit tax, rental income tax, Tax on Interest Income on Deposits, Dividend Income Tax, Tax on Income from Royalties, Tax on Income from Games of Chance, Tax on Gains of Transfer of Certain Investment Property, Rendering of Technical Services outside Ethiopia and Agricultural Income Tax (GTZ, 2005).

2.2.6. Indirect Taxes

Indirect tax revenue in Ethiopia consists of turn over tax, Excise tax, value Added tax and customs duties. such indirect taxes so as to be competitive in the market in which they are operating (GTZ, 2005).

2.2.7 The Principles of Taxation

Adam (1910) maintained in his book “The Wealth of Nations” gave the most important set of principles, which are also known as the “cannon of taxation” which still accepted generally by tax administrators all over the world. The principles of taxation are:

(A) **Equity/Equality of Sacrifices:** Adam Smith maintained in the principles that each taxpayer should contribute to the support of government also referred to as “state” as nearly as possible in proportion to his ability to pay. For example, 10 to 20 percent of all income above a certain figure, since there are some citizens whose incomes were so low that they were obviously to pay any taxes. Similarly, Musgrave and Peacock (1984) conceived the principles of equity as equal proportion of taxation on every income that is; in principle, everyone should pay the same proportion of his income as tax.

(B) **The Principle of Certainty:** This principle asserts that the taxpayer should know how much tax he has to pay, and when it is to be paid. Such information should be adequately accurate and clearly stated by the tax regulations. Thus, neither the amount nor the time of payment should be the subject of arbitrary decisions by the tax officials.

(C) **The Principle of Convenience:** Taxes are should be collected at a time convenient for the taxpayers. For example, the Pay as You Earn income tax on salaries and wages deducted weekly or monthly as the case may be, as income received, is a good example of the principle of convenience.

(D) **The Principle of Economy:** The principle emphasizes that the cost of assessing and collecting a tax should be small in relation to the revenue so collected i.e. economy should be the yardstick so that the cost of collecting tax should not be excessive. For example, if the expense incurred in the course of collecting a tax exceeds even 50 percent of the yield, then such taxes do not conform to the principle of economy (Afuberoh, 2014).

2.2.8. Objectives of Taxation

Although the tax structure in the various developing countries differs widely, the objectives of taxation in these countries are virtually the same. Unfortunately however, the objectives of the tax system and the relationship between these objectives are hardly clearly stated (Cutt, 1969).

(A). **rising of Revenue:** The classical function of a tax system is the raising of the revenue required to meet government expenditure. This income is required to meet the expenditure, which is either the provision of goods and services which members of the public cannot provide such as defense, law and order to the provision of goods and services which the federal and state governments feel be better provided by it such as health services and education.

(B) **Wealth Redistribution:** In modern times, great emphasis has come too placed on the objective of redistribution of wealth. This has two quite distinct forms. The first is the doctrine that taxation should base on ability to pay and summarized by the saying that “the greatest burdens should be borne by the broadest backs.” The second form presupposes that the present distribution is unjust and concludes that this should therefore be undone. This second principle sees confiscation as a legitimate objective of taxation.

(C) Economic Price Stability: It has said that the most fundamental reason a government has for taxing its citizens is to provide a reasonable degree of price stability within the nation (Summerfield, et al, 1980). Most spending by the public and private sectors without taxes generates high demand, which is inflationary. In such a situation, the basic function of taxation is to reduce private expenditure in order to allow government to spend without causing inflation.

(D) Economic Growth and Development: The overall control or management of the economy rests on the central government and taxation plays an important role in this direction. In addition to maintaining reasonable price stability, governments are determined to promote the near-full employment of all the resources of the country (including human resources i.e. labor) and ensure a satisfactory rate of economic growth (Afuberoh, 2014).

2.2.10 . Non-tax Revenue

Non tax revenues for local government can be defined in different ways based the country's revenue policy. The most common sources of non tax revenue are: Aid from another level of government (intergovernmental aid): the federal grants may be considered non-tax revenue to the receiving states, and equalization payments ,Aid from abroad (foreign aid)Tribute or indemnities paid by a weaker state to a stronger one, often as a condition of peace after suffering military defeat. The war reparations paid by the defeated Central Powers after the First World War offer a well-known example. Loans, or other borrowing, from monetary fund's and/or other governmentsRevenue from state-owned enterprises (for example, revenue from Public Sector Unions)Revenue (including interest or profit) from investment funds (collective investment schemes), sovereign wealth funds, or endowmentsRevenues from sales of state assets (Jafar, 2010).

Rents, concessions, and royalties collected by the state when it contracts out the right to profit from some good or service to a private corporation. An example is contracts for resource extraction (for such natural resources as minerals, timber, petroleum and natural gas, or marine resources) collected privately under license from state-owned lands, Fines collected and assets forfeiture as a penalty. Examples include parking fines, court costs levied on criminal offenders (Jafar, 2010).

Fees for the granting or issuance of permits or licenses Examples include vehicle registration plate permits, vehicle registration fees, watercraft registration fees, building fees, driver's licenses, hunting and fishing licenses, fees for professional licensing, fees for visas or passports, fees for demolition, rezoning, and land grading (which causes silt), and sometimes for increasing storm water runoff, destroying native vegetation, and cutting-down healthy trees This includes the revenue from government or public undertakings, revenue from social services like education and hospitals, and revenue from loans or debt service (Jafar, 2010).

2.3. Revenue administration system

While tax policy and tax laws create the potentials for raising tax revenues, the actual amount of taxes flowing into the government Treasury, largely, depends on the efficiency and effectiveness of the revenue administration agencies. Weaknesses in revenue administration lead to inadequate tax collections. Financing of the resulting budget deficit through borrowing can cause unsustainable increases in the State public debt. In the alternative, revenue shortfalls shrink the budgetary resource envelope, thus, affecting the government's ability to implement its policies and programs and provide public services. Unexpected dips in revenue collections also cause budget cuts that result in major inefficiencies in the public expenditure management. (Adenugba, 2013)

Tax administration refers to the identification of tax liability based on the existing tax law, the assessment of this liability, and the collection, prosecution and penalties imposed on recalcitrant taxpayers. Tax administration, therefore, covers a wide area of study, encompassing aspects such as registration of taxpayers, assessments, returns processing, collection, and audits (Kangave, 2005).

The low revenue yield of taxation can only be attributed to the fact that tax provisions are not properly enforced either because of the inability of administration to cope with them or on account of straight forward collusion between the tax administration and taxpayers. Since taxes are an involuntary payment for government services, taxpayers have a strong incentive to minimize their tax liabilities either through avoidance (legal) or through evasion illegal (Asamnew, 2013).

2.3.1 . Functions of a Good Tax Administration

A tax administration is the whole organizational set-up for the management of the tax system. The tax administrative set-up is a department of government and of course works under regulations prescribed by tax legislation. Tax administration is the process of assessing and collecting taxes from tax individuals and companies by authorities in such a way that correct amount is collected efficiently and effectively with minimum tax avoidance or tax evasion.

The broad objectives of a tax system is to guarantee the long-run fiscal soundness of the policies and programs of government while the purpose of tax administration is to fully implement the tax system, that is, to ensure that tax payers comply with the provisions of tax laws and that the funds derived from tax sources are paid into the government purse. Certain aspects of the tax system are preconditions for a successful tax administration. First the tax laws should be simple, clear and understandable both to those who must apply them and those who are subject to them. To quote Adam (1910), the tax which each individual is bound to pay ought to be certain and not arbitrary. The form of payment, the manner of payment, the quantity to be paid ought all to be clear and plain to the contributor and every other person (Islam, 2001).

According to Orewa (1979) the taxes should be easy, economical and convenient to administer that is the cost of collecting to the tax authority and the cost of compliance to the taxpayer should be as low as possible and should be consistent with effective enforcement which means that the purpose and manner of payment of the taxes should be related to the habits of the community. Hence the colonialists were careful enough to introduce taxes as closely connected as possible to what their native laws had been paying to their chiefs in those areas where such was the practice (Afuberoh et al , 2014).

2.4. Tax reform of the country

Tax reform is the process of changing the existing tax system or the status quo to a new level of tax system sothat the tax system can serve the main objective of financing government expenditure and meet other objectives.The general objective of tax reforms is similar among different countries, particularly among developingcountries. A number of studies show that in developing countries tax systems are used to serve multipleobjectives which include mobilization of resources to finance government expenditure; promoting saving

and investment; encouraging the use of labor intensive techniques mostly the small and medium scale enterprises, whereby bringing about greater equity in distribution of income (Islam, 2001).

Among the multiple objectives of tax reforms, the current literature focuses on the argument that the main focus of tax reform should be to raise adequate revenues to finance public expenditures on social goods and services. The issue has grown in importance in light of the recent fiscal crises in most of the developing nations. Bird (1993), states that the fiscal crises have been proven to be the mother of tax reforms in most of the developing countries. The views of tax reform to mobilize tax revenues have been increasing in the field of public finance among the academia and international institutions because developing countries are faced with declining external assistance in general and Africa in particular. The recent global crisis put considerable strain on inflows of international resources for African development which forced these countries to focus on domestic resource mobilization. As highlighted by African Economic Report (2012), tax reform issues have grown in importance in Africa as recent external capital inflows and trade financing have generally declined after the global financial and economic crisis (Islam, 2001).

2.5. Competence and Performance of Employee

As cited by Rahmah et al (2010). Results of a study conducted by Vroom (1964) found that work performance is an integration of individual ability and motivation, where ability is the individual capability to complete tasks and is a stable trait. Robbins (1978), on the other hand defines work performance as the capability of a worker to achieve an objective or goal of the organization. Sharifah Baharum et al. (2006) also studied the concept of performance where several definitions of other researchers like Porter and Lawler (1967) were taken, to define work performance as the success of an individual to achieve his role because of behavior. Meanwhile, Arifin Zainal (1985) clarifies that performance is the level of achievement of an individual to complete an assignment. Study by Abdul Halim et al. (2001) concludes that work performance is the combination of mental and physical capability of an individual to complete a task, whereby, both of these aspects depend on the requirements of the job. Francoise and Winterton (2005) explain that ability is competence that is an unclear concept that touches on knowledge and skills and various elements that are important. They view that the competence framework based on a dimension is not sufficient and suggest a

multidimensional one. This framework involves four dimensions of competence, namely, cognitive, functional, and social and Meta. The first three dimensions are cognitive, functional and social and have universal values. In this framework, level of knowledge is explained by the cognitive competence, level of skill by functional competence, meanwhile, social competence explains the behavior and attitude of individual workers. Meta competence is related to ability to acquire these competencies through the individual's own knowledge. The level of knowledge of an individual is said to help a worker to acquire the other competencies needed by the worker (Rahmah et al , 2010).

Table 1:Five categories of competencies

	Main Competency
Resource Management	Time allocation, money, material, and space, personal
Inter Personal Skills	Team work, leadership development, customer satisfaction
Information Management	Organization and management of files, communication and interpretation, computer operations
Comprehensive System	Understanding complex relations, understanding systems, creating and enhancing systems
Technology Power	Selection of technology, use of technology at work

Source: (Rahmah et al , 2010)

2.6 . Empirical Review

Government's expenditure decisions and the sectoral allocation of these expenditures are made based on its needs and priorities. However, such spending is constrained by resources that government has at its disposal. Governments do have control - although limited over the resources it can raise to fund its expenditures. This is especially true in the case of tax revenues, as governments can mobilize more tax revenues by becoming more efficient in tax collection, and by widening the tax net. Therefore, the government's decision on expenditures, the sectoral allocation of expenditures, and tax revenue collections are made simultaneously. In that sense tax revenues are endogenous to total government expenditure of which public health expenditure is a sub-set. In our empirical approach we hypothesize that there is a two-way relationship, between total government expenditures (including public health expenditure) and tax revenues. To take these inter-relationships into account, we specify the structural relationships between total government expenditure, tax revenue, and

public health expenditure. We specify total government expenditure as a function of tax revenues, non-tax revenues, GDP, total population, and official aid. Tax revenue is a function of total government expenditure, GDP, size of the formal sector, size of external trade, and governance. Public health expenditure is a function of GDP, tax and non-tax revenues, lagged value of private health expenditures, lagged value of external health assistance, governance, and health indicators – including lagged value of sanitation, lagged value of prevalence of TB, and percent of population who might need health care (Ramji et al Francis, 2016).

2.6.1. Fiscal Policy Implications

The Constitution and related laws provide the framework for the assignment of revenues and expenditure responsibilities between the federal government and the regional governments. The Constitution defines the powers and responsibilities of the federal government that broadly include areas that have national public goods character. It does not, however, explicitly define the expenditure responsibilities of regional governments. And yet, it provides that what is not defined as federal powers and responsibilities is provided for regional governments. This suggests that regional governments have responsibilities that are critical in the provision of public services that influence standard of living in the regional economies such as poverty reduction policies, the provision of health and education services, the provision of core regional infrastructure, the promotion of investment and growth in the regional economies.

The Ethiopian Constitution defines the assignment of tax and non-tax revenue sources to the regional and the federal governments (Proclamation No. 1/1995: Art. 96, 97, 98). This assignment provides exclusive right for the federal government to tax international trade and the dominant share of domestic indirect taxes. These two sources have on average a combined share of about 64 percent of the tax base for period 1991/2 to 2001/02. Hence, the most potent source of tax revenue is assigned to the federal government. The regional governments are assigned with the collection of direct taxes within their jurisdictions, land use fees, and taxes on a subsistence based farm households. Moreover, the federal government collects payroll, sales taxes and non-tax revenues from public enterprises owned by the federal government irrespective of their location across the country. In this sense, regional governments could not generate revenue from such enterprises located within their jurisdictions. The tax base of

regional governments generates relatively meager revenues and is relatively stagnant with a property of low buoyancy (Abu, 2010).

2.6.2. Ethiopia tax reform

After the 1992 liberalization, investment grew rapidly. But this increasing level of investment could not be financed by domestic resources alone. Savings declined sharply in 1990/1 (a period of violent change in the government). Since then, there has been some recovery, only to decline further by the end of the 1990s. Public saving has shown quite a remarkable recovery in the 1990s. Thus, in this respect the government's fiscal policy seems promising. According to Geda (2005) total domestic saving was far below the level of investment and this resulted in a government deficit of about 10% of GDP per annum in the last decade (Kefela, 2009)

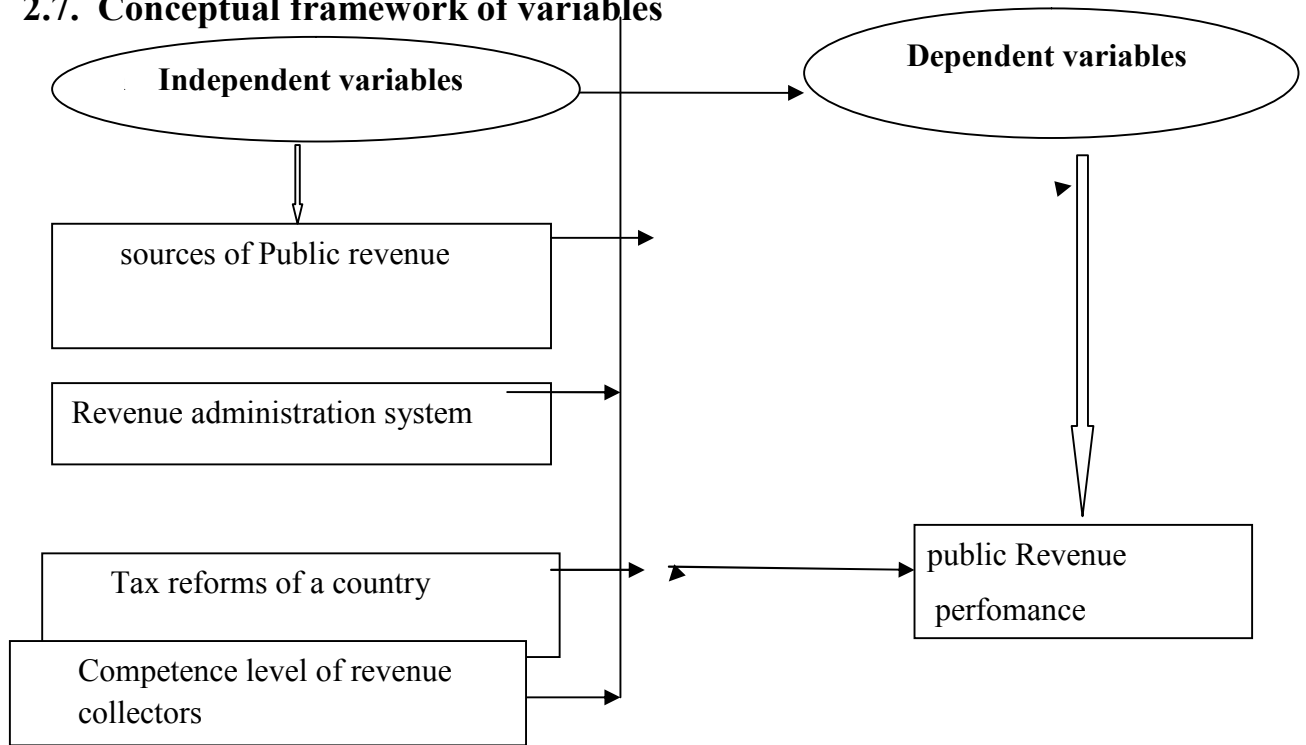
2.6.3. Ethiopia's administrative reform

The current tax-to-GDP ratio of about 13.7% calls for reform not only on the tax rates but also on its administration. Tax reform began in 1999 and one of the changes was to scale up the 'revenue board' to ministerial level to become the Ministry of Revenue. This ministry controls the three revenue collection institutions: Federal Inland Revenue (FIR), Ethiopian Custom Authority (ECA) and the National Lottery Administration (NLA).

According to MOR (2003) major components of the reform focused on reducing corporate income tax from 35 to 30% and the maximum income tax rate applicable to a sole proprietor from 40 to 35%. It also provided provisions for loss carry-forward and capital gains as well as withholding taxes (Kefela, 2009). In conjunction with this reform, the Ministry of Revenue re-organized the FIR by introducing and improving operational programs, systems and procedures. The other reform measures include the establishment of additional branch offices, training and recruitment of qualified personnel, introduction of performance and accountability measures, setting up a taxpayer education program and similar initiatives aimed at implementing the new income tax, VAT, turnover tax and excise tax proclamations. Based on MOR (2003) the government is currently in the process of upgrading its computer system, implementing the use of a tax identification number for the enforcement, verification and processing of sales tax and VAT refund claims. Notwithstanding this positive trend, the actual figure, which is about 14% of GDP for the year 2000/01, is far below the corresponding figure for other developing countries. Ethiopia, like most countries in Africa, has been making

considerable efforts in recent years to restructure its tax system with a view to increase tax revenue as well as reduce distortions in the economy (Ibid).

2.7. Conceptual framework of variables



Source: Researcher's self concept, 2017

CHAPTER THREE

3. RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the Research Design, Target population, sampling Techniques, Data collection Methods or Data collection instruments, Data Analysis methods, Model specification reliability, validity and ethical consideration. The methodology section is an important component of the research that essentially maps out the methods used during the research work. On the basis of research problem and objectives, this study used the descriptive method of data analysis. Both quantitative and qualitative data were gathered and analyzed to resolve the research questions. Quantitative data of the Dawro zone revenue authority including financial data of revenue and expenditure were collected to analyze the performance in revenue collection and its administration. In addition to these qualitative data were collected from the respondents using structured interview and questionnaire to get more insight to the research questions.

3.2. Description of the study area

Dawro zone is located in the South western part of Ethiopia is one of 14 zones in the SNNPR state . It is located around 491kms South western of the capital Addis Ababa. The total area of the zone is estimated to be 4,436 square kilometer which shares 4.07% of the total area of the region and based on 2009 population census the total population size is projected to be 656,268 nearly 3.4% of the total population of the region. The zonal administration is consists of five woredas and one town administration(Otoro, 2015).

3.3. Research Design

Research design is to facilitate the smooth sailing of the various research operations, thereby making research as efficient as possible yielding maximal information with minimal expenditure of effort, time and money (KOTHARI, 2004). This research adopted a descriptive research design. The design is deemed appropriate because the main interest

is to explore the viable relationship and describe how the factors support matters under investigation.

According to Mugenda and Mugenda (2003) the descriptive research collects data in order to answer questions concerning the current status of the subject under study. In order to use the descriptive approach more purposefully the researcher used the structured instruments such as questionnaires and interview methods to know more about fixing of tax structure, revenue collection trends, financial reporting , analysis of revenue administration and factors that impeding revenue mobilization process. And also this research adopted hypotheses testing research design. This research design usually explain the nature of certain relationships, or establish the differences among groups or the independence of two or more factors in a situation. Hypothesis testing is undertaken to explain the variance in the dependent variable or to predict organization performance (Sekaran, 2003). Therefore the researcher have chosen this research design to know the cause – effect relationship between independent and dependent variables.

3.4. Target population, Sampling Procedure and Sample Size

To select target population from the determined word as purposive sampling technique was used because of to differentiate the main stakeholders from the entire population in entitled study area and to determine the actual size of the target population, it was not determined (KOTHARI, 2004). The purposive sampling was adopted to enable the researcher gain an insight into the revenue mobilization process local administration so as to administer questionnaires to respondents who are well versed in the revenue generation activities of the local authority. From the target population respondents sample was selected using systematic random sampling technique on their line of business taxpayers and revenue officials/collectors to ensure their diversity. Therefore, systematic random sampling method was considered in selecting the best respondents for this study because systematic sampling can be taken as an improvement over a simple random sample in as much as the systematic sample is spread more evenly over the entire population and it is an easier and less costlier method of sampling and can be conveniently used even in case of large population (KOTHARI, 2004). Accordingly, 1,500 target population of the study

1,390 were registered business taxpayers and 110 were revenue authority employees from which 200 respondents were selected using the systematic random sampling technique.

Table 2: Respondents Sample Frame

woreda	Business tax payers		Revenue Authority employees		Expected responses	Actual Responses	Percent
	Target population	Samlpe size	Target population	Samlpe size			
1.Tocha	421	50	31	10	60	58	96.67%
2. Mareka	480	57	41	13	70	66	95.65%
3. Loma	489	58	38	12	70	68	95.77
Total	1,390	165	110	35	200	192	96%

Source:Dawro Zone Revenue Authority compiled by the researcher,2017

The targeted tax payers and revenue authority employees sample was not reached because some respondents were not able to complete filling the questionnaires because they were busy and requested fill them at their own free time.

The number of sample was determined based on the formula (Cochran, 1977). This required estimation of tolerable error margin as 0.05 allowing 95% confidence level. Hence, the formula is stated below.

$$no = \frac{z^2 pq}{e^2}$$

Where: no= the minimum number of sample size within the range of acceptable error margin.

N= the total number of target population (1,500 respondents)

z= confidence level (95%) and which is 1.96

e= acceptable error margin (0.05)

p= proportion of sampled population (0.18)

q= estimate of the proportion of population to be sampled (0.82)

Based on the above equation, the minimum numbers of sample respondents was selected 226.

Finite Population Correction for Proportions

If the population is small then the sample size can be reduced slightly. This is because a given sample size provides proportionately more information for a small population than for a large population. The sample size (no) can be adjusted as follow:

$$n = \frac{n_o}{1 + \frac{n_o}{N}}$$

Where n is the sample size and N is the population size

$$= 226/1 + 226/1,500 = 226/1.132 = 200$$

Therefore, the adjusted sample size (respondents) that were selected 200 in this study.

3.5. Sources of Data

The data were used in this study consists of both primary and secondary data. The primary data was collected through questionnaire and interview. Secondary data also gathered from different sources such as books, magazines, reports of revenue authority of dawuro zone and websites.

3.6. Data Collection Instruments

The main instruments of data collection are used questionnaire and structured interview. The questionnaire has two sections. The first section consists of the requested data on the demographics characteristics of the respondents such as sex, age, working experiences, marital status and level of education. The second section contains items that clearly stated to guide participants in answering the questions on the determinants that hinders revenue collection and its administration on in local authorities. The questionnaire comprised of both closed ended and open-ended questions. Most of the closed ended questions are designed on an ordinal level of measurement bases and some of the closed ended questions were a five scored likert scales (KOTHARI, 2004), to provide respondents a wider range of alternatives with end points where ‘5’ with the statement strongly agree, and ‘1’ indicates with the statement refer to strongly disagree which is designed to revenue collectors and taxpayers whereas, interview was made for those most related tax officials of the local authority.

3.7. Explanation of variables

A/ Dependent variable

1. Public Revenue performance - (dependent variable): The term revenue has been defined by various authors in different ways. Adam (2006), defined revenue as the fund

required by the government to finance its activities. These funds are generated from different sources such as taxes, borrowing, fine, fees etc. It is also defined as the total amount of income that accrues to an organization (public or private) within a specified period of time(Hamid, 2008).The public revenue performance is measured by internally generated revenue to total revenue of local authority.

B/ Independent variables

1. Tax Reform of the Country: Tax reform is the process of changing the existing tax system that means tax structure, tax rate or the status quo to a new level of tax system sothat the tax system can serve the main objective of financing government expenditure and meet other objectives.The general objective of tax reforms is similar among different countries, particularly among developingcountries(Daba, 2014).

2. Revenue Administration System refers to the identification of tax liability based on the existing tax law, the assessment of this liability, and the collection, prosecution and penalties imposed on recalcitrant taxpayers. Tax administration, therefore, covers a wide area of study, encompassing aspects such as registration of taxpayers, assessments, returns processing, collection, and audits (Kangave, 2005

3. Sources of Public Revenue is those sources of income of the public authority which ordinarily all public receipt which used to finance various developmental activities. According to Mithani (2006), Public revenue includes only those sources of income of the public authority which ordinarily are tax revenue and non-tax revenue (MTASIWA, 2013).

4. Competence levelof Revenue Collectors: Results of a study conducted by Vroom (1964) found that work performance is a combination of individual ability and motivation, where ability is the individual capability to complete tasks and is a stable trait. Robbins (1978), on the other hand defines work performance as the capability of a worker to achieve an objective or goal of the organization. A skill is an individual's ability to translate knowledge into action. Hence, it is manifested in an individual's performance. Skill is not necessarily inborn.It can be developed through practice and through relating learning to one's own personal experience and background. In order to be able tosuccessfully discharge his roles, a manager should possess three majorskills. These are conceptual skill, human relations skill and technical skill.Conceptual skill deals

with ideas, technical skill with things and humankind with people. While both conceptual and technical skills are needed for good decision-making, human skill is necessary for a good leader (Pal, 2012).

3.7.1. Model specification

Multiple linear regression analysis was used to analyze data concerning factors affecting revenue mobilization in local government of Dawuro zone. The model used was as follows; $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$

Where,

Y = Public Revenue performance

X1: sources of public Revenue

X2: Tax reforms of the country

X3: Revenue Administration

X4: competence Level of revenue collectors

E: Error

β_0 is the constant or intercept while β_1 , β_2 , β_3 , and β_4 , are the corresponding coefficients for the respective independent variables. ε is the error term which represents residual or disturbance factors or values that are not captured within the regression model. The interpretation of X, β and ε is the same for the subsequent equations for testing the other study objectives. Interpretations are as stated above

3.8 . Method of data analysis

The data gathered for the study were subject to descriptive and inferential statistics. The descriptive statistics involves the use of central tendency such as mean, mode, variance and standard deviation whereas, the inferential statistics involved the use of Pearson's correlation and regression which are used to show the direction of relationship between variables and their effects under the study (Field, 2009). And to show the scale for the data which is interval and thereafter the responses of collected data was analyzed using version 20 of the Statistical Package for Social Science (SPSS) for Windows. In addition to this, the data were presented using tables, bar charts, lines and pie charts as well.

3.9 Validity and Reliability of the Instruments

3.9.1 Reliability of the Instruments

According to Kimberlin and Winterstein(2008) Reliability of a research instrument explains the accuracy and consistency of the measuring tool. According to Robert (2006) reliability measurement of Cronbach's Alpha should be greater than 0.7 in reliability test.

Table 3: Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.923	.954	5

Source: Researcher's field survey SPSS output 2017

Reliability test defines reliability of questioner representing variable, the test shows that it is categorized into highly reliable level. Cronbach's alpha based on standardized items proceeds 95.4% for items in the study. The statements used in questioner are also properly stated to afford variables.

3.9.2. Validity of instruments

According to Gideon (2015) validity is the accuracy and meaningfulness of the inferences, which is based on the research results. It is the degree to which the results obtained from the analysis of the data actually represent the phenomena under study.To ensure that the data acquired is valid in this study, the following steps were taken; a wide-ranging literature review was undertake to understand how personal in-depth interviews and surveys were conducted.. According to Amin (2004), validity can be assured by use of the content validity index (C.V.I) where the following formula was used.

$$CVI = \frac{\text{no of items declared valid}}{\text{total no of items}} = 51 \div 51 = 1$$

Equation 1: CVI Equation

In the end, out of 51 questions, were declared to valid and as such the researcher claims a validity of 1. Since this index is above 0.7, the instrument was declared valid. The value obtained was greater than 70% and validity was confirmed (Amin, 2005).

3.10 Ethical Consideration

The researcher requires the consent of participant's before giving questionnaires to them for completion. This was done to ensure ethical acceptability of the research findings. Participants were assure of confidentiality of information that they provided, and that they was not exposed to any form of discomfort or risk by participating in the study. Finally, the respondents were informed that, participation in the study is voluntary.

CHAPTER FOUR:

4. DATA ANALYSIS AND DISCUSSION

4.1 Introduction

This chapter presents a detailed discussion and analysis of findings of the study with particular reference to the responses received and the secondary data was based on revenue mobilization performance, tables and figures and other related charts that are useful to the study. It presents discussions on the detailed profile of respondents and findings of the study is guided by research objectives. Data collected for the study were quantitatively and qualitatively analyzed. The findings, analyses and discussion relevant to each question have been presented accordingly with a view to evaluate local government authorities revenue performance.

4.2. Data presentation and Analysis

4.2.1. Demographic characteristics of respondents

Table 4: Gender of the respondents

	frequency	Percent	Valid Percent	Cumulative Percent
Male	128	66.7	66.7	66.7
Female	64	33.3	33.3	100.0
Total	192	100.0	100.0	

Source: Field survey 2017

Tables 4 above shows that 128 respondents are male and 64 respondents are female which represents 66.7% and 33.3% respectively. The result shows that majority of the respondents of taxpayers and revenue collectors were male.

Figure 1: Gender of the respondents

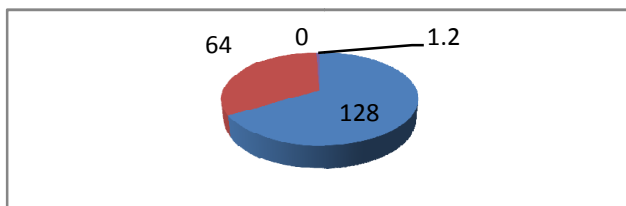


Table 5: Age of the respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
below 18 years	10	5.2	5.2	5.2
19-29 years	73	38	38	43.2
30-45 years	96	50.0	50.0	93.2
46-60 years	9	4.7	4.7	97.9
above 60 years	4	2.1	2.1	100.0
Total	185	100.0	100.0	

Source: Field survey 2017

The table 5 above shows that 10 respondents are age below 18 which represents 5.2%, 73 respondents are between the age 19 and 29 which represents 38%, 96 respondents are between the age of 30 and 45 which represents 50%, 9 respondents are between the age of 46 and 60 which represents 4.7% and 4 respondents are age above 60 which represents 2.1%. The result shows that majority of the respondents were between the age of 30 and 45 years.

4.2.2. Descriptive statistics

Descriptive statistics explains dependent variable public revenue and four independent variables called sources of public revenue, revenue administration system, competence level of revenue collectors and tax reforms of the country as explained as per the objectives stated above.

4.3.2. Time Series Data from Local Authorities

The secondary data of Revenue report in fiscal years 2011/12-2015/2016 from Dawruo zone revenue authority. That means zonal performance and the three selected woredas, which are Tocha, Mareka and Loma.

Table 6: The share of domestic revenue to total budget in Dawro Zone 2011/12-2015/16

Fiscal years	Total revenue	Subsidy	Share of Subsidy %	Tax revenue (A)	Share of (A) %	Non-tax revenue (B)	Share (B) %	Share A + B %
2011/12	215,879,898	163,744,324.6	75.9	40,095,465.57	18.79	9,264,491.25	4.38	22.29
2012/13	254,956,415.4	181,345,822.6	71.10	57,077,749.69	22.39	13,365,583.25	5.24	27.63

2013/14	381,159,907	287,345,654.67	75.4	71,059,068.75	18.64	14,395,182.81	3.77	22.41
2014/15	447,444,540.9	322330240	72	101,004,558.6	22.57	18,489,212	4.13	26.71
2015/16	487,715,291.7	349,117,425	72	106,677,088.69	21.87	18,437,469.96	3.78	25.6
Average share			73.3		20.85		4.26	24.93

Source: Dawro Zone DOFED Financial Reports

Table 6 shows that, the performance of internally generated revenue mobilization which includes tax revenue and non-tax revenue in five consecutive fiscal years in Dawro zone administration. Which have been seen that in fiscal years the ratio of tax and non-tax revenue to total revenue in fiscal year 2011/12 was 22.29%, in fiscal year 2012/13 was 27.63% in fiscal year 2013/14 was 22.41% in fiscal year 2014/15 was 26.71% in fiscal year 2015/16 was 25.6% and the average share of internally generated revenue from its own sources of zonal administration in five consecutive fiscal years was 24.93%. The result shows that zonal revenue mobilization was below 25% this indicates that most government developmental expenditures largely depend on subsidy from regional government.

Figure 2: Share of revenue in Dawroadministration (000000)

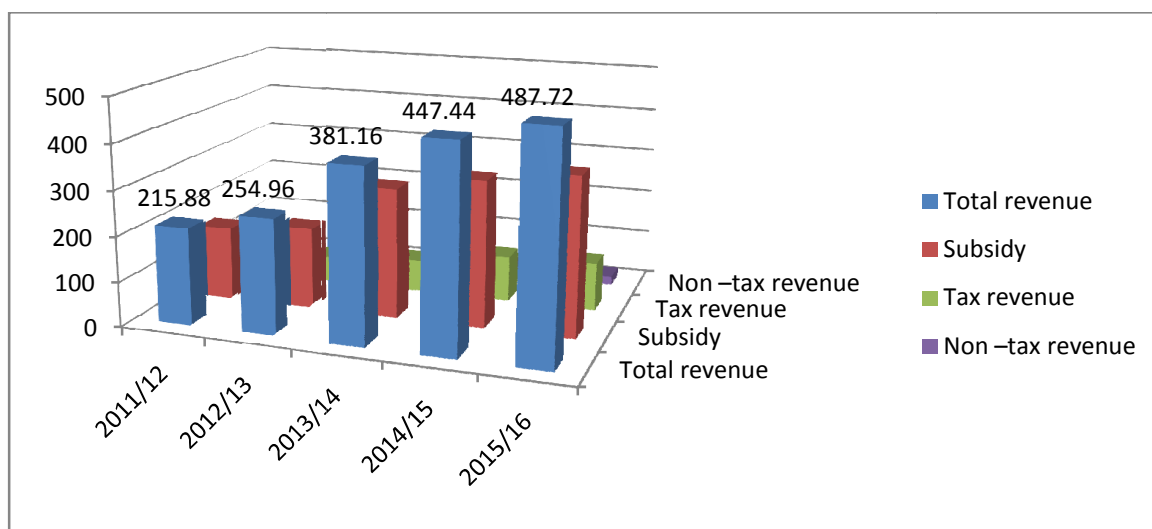


Table 7: The share of in three selected woredas 2011/12-2015/16

woreda	Items of revenue	2011/12	2012/13	2013/14	2014/15	2015/16
1.Tocha	Total revenue	30,754,325.54	36,845,028.45	47,499,752.52	64,388,808.84	76,729,965
	Subsidy	25,480,675.23	29,480,574.01	37,023,366.33	50,850,411.24	60,356,476.76
	Share	82.85%	80.01%	77.94%	78.97%	78.66%
	Tax revenue (A)	3,235,256.24	4,820,381.58	5,670,911.83	9,761,423.02	9,563,653.21
	Non- tax revenue(B)	1,874,258.36	1,856,422.97	4,326,612.82	3,225,488.67	3,103,289.12
	share of A+B	16.61%	18.12%	21%	20.17%	16.51%
2.Mareka	Items of revenue	2011/12	2012/13	2013/14	2014/15	2015/16
	Total revenue	32,482,644.75	40,032,105.9	49,277,083.69	74,842,367.21	82,693,982.02
	Subsidy	26,117,614.85	31,515,923.06	40,939,205.25	59,881,338.52	62,652,894.56
	Share of subsidy	80.40%	78.73%	83.08%	80%	78.93%
	Tax revenue (A)	3,960,306.51	5,880,240.36	5,628,998.59	10,927,115.3	12,537,761.52
	Non-tax revenue(B)	1,962,175.39	2,279,000.24	2,145,561.14	3,242,034.28	3,034,479.34
3.Loma	Items of revenue	2011/12	2012/13	2013/14	2014/15	2015/16
	Total revenue	34,035,650.35	40,605,978.51	55,315,970.43	72,605,677.63	83,249,612.1
	Subsidy	24,906,707.27	27,909,027.5	35617848.08	49,375,846	60356476.76
	Share of subsidy	73.18%	68.73%	64.38%	68%	72.50%
	Tax revenue (A)	7,000,120.72	10,275,337.73	16,750,778.36	19,284,985.15	21,002,545.8
	Non- tax revenue(B)	1,706290.27	2,000,705.28	2,404,174.2	2,655,204.26	3,103,289.12
	share of A+B	25.58%	30.23%	34.63%	30.21%	28.96%

Source: Dawro zone DOFED Financial Reports

Table 7 above shows that revenue mobilization trends in three selected woredas in five consecutive fiscal years from 2011/12-2015/16. In Tocha woreda, the ratio of internally generated revenue was low which is compared with total revenue of local authority, which have been seen from fiscal year 2011/12 -2015/16 16.61%,18.12%,21%,20.17% and16.51% respectively, while in Mareka woreda, the ratio of internally generated revenue was the least, which is compared with total revenue of local authority, which have been seen from fiscal year 2011/12-2015/16 it was 18.23%,20.38%,15.78%,18.93% and19.79% respectively. Finally Loma woreda it was average, which is compared with total revenue of local authority, which have been seen from fiscal year 2011/12-2015/16 it was 25.58%,30.23%,34.63%,30.21% and28.96% respectively. The result shows that the internal revenue generation in local authorities was low except Loma woreda which

mobilized the revenue more than zonal average revenue due to high revenue sources from Gibe III Hydro electric power generation. However, it was temporary revenue source to the local government and tax officials explained during interview from zonal revenue authority informants reveal that now a day Loma woreda is faced in critical revenue shortage due to the completion of the project. The trends show that the internally generated revenue of local authority was based on employment income tax and temporary federal government projects. And thus an average revenue share of Dawuro zone administration was 24.93% this does not mean huge amount of revenue share but it was computed with its plan and the lower amount of zonal budget and it was more than the regional average share which was 21.11%. However, these was only the figure difference but the regional share was tangible and better than the revenue share of local authority. Majority of the developmental project expenditures or outlays was covered by subsidy from regional government and it needs further studies to make concerned bodies have be committed to mobilize adequate amount of revenue in order to bring sustainable development.

Table 8: Share of Revenue from Total Budget of SNNPRS

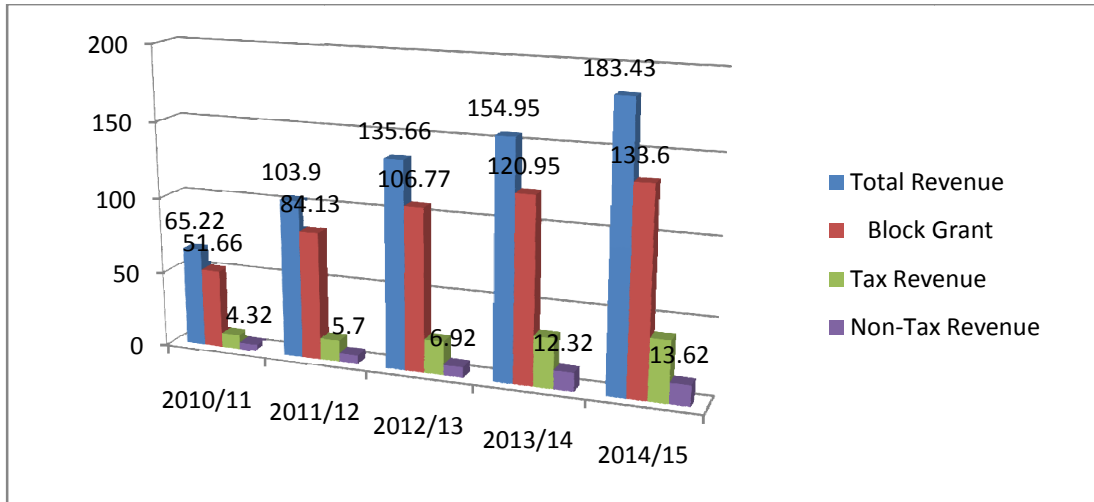
Year	Total Revenue	Block Grant	Tax Revenue from Own sources	Non-Tax Revenue	Share of Block Grant %	Tax Revenue Share % (A)	Non-Tax Revenueshare % (B)	Share of A+B
2010/11	6,521,923.920	5,166,313.004	924,034.9774	431,575940	79.21	14.16	6.61	20.77
2011/12	10,390,476.33	8,412,958.663	1,407,386.063	570131599	80.96	13.54	5.48	19.02
2012/13	13,566,054.98	10,677,192.78	2,196,402.12	692460082	78.70	16.19	5.10	21.29
2013/14	15,495,303.52	12,094,925,079	3,277,124,325	123,254,123	78.1	21.15	0.8	21.95
2014/15	18,343,410,299	13,360,215,189	4,000,000,000	136,249,600	72.83	21.81	0.7	21.88
Average share						17.37	3.74	21.11

Source: Five years financial reports of the SNNPRS, 2016

Regional governments in Ethiopia, highly depend on the central government's transfer (i.e., the share of federal grant is about 80%- 95% of the total budget), which means their revenue from their internal sources covers only 20% to 5% of their total expenditures. The large portion of their revenue is from the block grant of the federal government. Although

the central government is the main source of the local governments' revenue, expenditure decisions are made at regional government levels with little control over the expenditures from the center (menta & mishira,2014).

Figure 3: Share of Revenue from Total Budget of SNNPRS (00000000)



1. The effect of the sources of public revenue in revenue mobilization and its administration

Table 9: Responses regarding the sources of public revenue

Statement	Responses	Prequency	Percent	mean	Sta. deviation
1. Tax is main sources of locally generated revenue of the local authority	Strongly Disagree	50	26.0	3.21	0.875
	Disagree	36	18.8		
	Neutral	18	9.4		
	Agree	77	40.1		
	Strongly Agree	11	5.7		
	Total	192	100.0		
2. Government's contributions to development in the woreda exceed contribution from Internally Generated Funds	Strongly Disagree			3.58	1.02
	Disagree	34	17.7		
	Neutral	22	11.5		
	Agree	107	55.7		
	Strongly Agree	29	15.1		
	Total	192	100.0		
3. The Central Government remit funds to local authority	Strongly Disagree	6	3.1	3.44	1.29
	Disagree	53	27.6		
	Neutral	10	5.2		
	Agree	96	50.0		
	Strongly Agree	27	14.1		
	Total	192	100.0		

	Total	192	100.0		
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Source: Field Survey 2017

The researcher sought to establish the extent that tax is main source of locally generated revenue of local authority on certain sources of revenue are affected by revenue raising ability of the local Government. Table 9 result shows that 18 (9.4%) respondents were neutral, 36(18.8%) respondents were disagreed, 50 (26%) respondents were strongly disagreed, 77 (40.1%) respondents agreed and 11 (5.7%) respondents were strongly agree. This response implies that tax is main source of locally generated revenue for development and has encouraged more people to pay their taxes. According to Asaminew(2015), Governments at the tiers of administration have several options at hand to finance their activities and pursue their fiscal policy.

Table 9 above shows that 22 respondents were neutral which represents 11.5%, 34 respondents were disagreed which represents 17.7% and 107 respondents agreed which represents 55.7% and 29 respondents were strongly agreed which represents 15.1%. This response implies that there were more Government's contributions to development projects of local government than internal revenue. According to Blazek, (2005), the central governments contributed the bulk of local government revenues through transfers and still largely determine local budget priorities and enhance provision of service in local areas. Therefore, the researcher concluded that internally generated revenue much less than subsidy and the study reveals that there is similar argument with prior researchers.

2. The effect of revenue administration system on revenue mobilization

Table 10: Responses regarding the revenue administration system

Statement about revenue administration system	Responses	Prequency	Percent	mean	Sta. deviation
1. Taxpayers do not pay their taxes regularly	Strongly Disagree	3	1.6	3.47	1.130
	Disagree	46	24.0		
	Neutral	9	4.7		
	Agree	106	55.2		
	Strongly Agree	28	14.6		
	Total	192	100.0		
2. Taxpayers benefit from taxes they pay	Disagree	100	52.1	2.94	.872
	Neutral	16	8.3		
	Agree	42	21.9		

	Strongly Agree	34	17.7		
	Total	192	100.0		
3. The Management provides the needed logistics to for effective revenue mobilization	Disagree	84	43.8	3.34	1.014
	Neutral	22	11.5		
	Agree	55	28.6		
	Strongly Agree	31	16.1		
	Total	192	100.0		
4. There is strong awareness creation program on tax laws and procedures	Disagree	73	38	2.69	0.974
	Neutral	23	12.0		
	Agree	59	30.7		
	Strongly Agree	37	19.3		
	Total	192	100.0		

Source: Field Survey 2017 SPSS output

The respondents were asked to indicate their agreement or disagreement with statements regarding revenue administration system. Table 10 above shows that 9(respondents were neutral which represents 4.7%, 46 respondents were disagreedwhich represents 24%, 3 respondents were strongly disagreedwhich represents 1.6%,106 respondents agreed which represents 55.2% and 28 respondents were strongly agreed which represents 14.6%. This response implies that the local taxpayers do not pay their tax liability regularly to the local government to generate internal revenue from its own sources. According to Orewa (2009),the taxes should be easy, economical and convenient to administer that is the cost of collecting to the tax authority and the cost of compliance to the taxpayer should be as low as possible and should be consistent with effective enforcement which means that the purpose and manner of payment of the taxes should be related to the habits of the community.

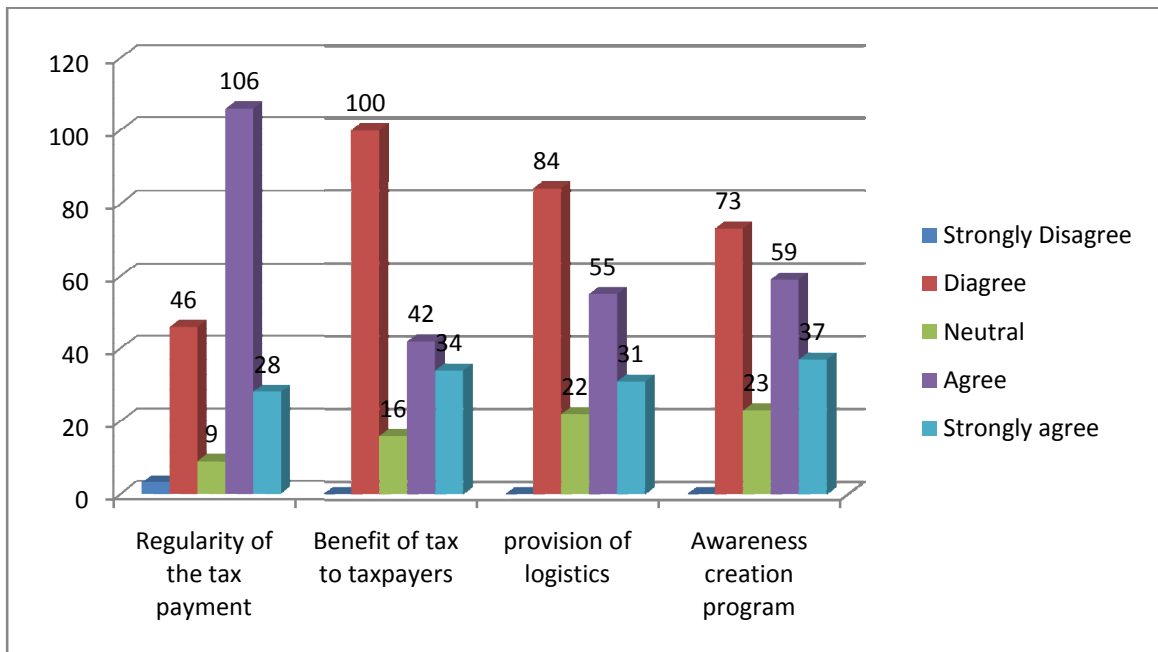
The respondents were asked to indicate their agreement or disagreement with statements regarding revenue administration system. Table 10 above shows that 16 respondents were neutral which represents 8.3%, 100 respondents were disagreedwhich represents 52.1%, 42 respondents agreed which represents 21.9% and 34 respondents were strongly agreed which represents 17.7%. This response implies that the local taxpayers have not benefited the tax liability that they have paid to local authority. The interview with revenue official of woreda level were asked some recommendation on awareness creation program and answered there is program to create awareness on tax liability to tax payers. However, there is ineffective implementation of the program. Kayaga (2010), further notes that, financial constraints

has led to hiring of tax officials who lack understanding of the tax laws they are administering, and the concept of the concepts of accounting that are requisite to analyzing returns.

The respondents were asked to indicate their agreement or disagreement with statements regarding revenue administration system. Table 10 above shows that 22 respondents were neutral which represents 11.5%, 84 respondents were disagreed which represents 43.8%, 55 respondents agreed which represents 28.6% and 31 respondents were strongly agreed which represents 16.1%. This response implies that the management does not provide the needed logistics to for effective revenue mobilization in the local authority. Adenuga (2013), concluded that weaknesses in revenue administration lead to inadequate tax collections. Financing of the resulting budget deficit through borrowing can cause unsustainable increases in the State public debt. In the alternative, revenue shortfalls shrink the budgetary resource envelope, thus, affecting the government's ability to implement its policies and programs and provide public services. Unexpected dips in revenue collections also cause budget cuts that result in major inefficiencies in the public expenditure management. Therefore the researcher supports the previous researchers.

The respondents were asked to indicate their agreement or disagreement with statements regarding revenue administration system. The table 10 above shows that 23 respondents were neutral which represents 12%, 73 respondents were disagreed which represents 38%, 59 respondents agreed which represents 30.7% and 37 respondents were strongly agreed which represents 19.3%. This response implies that the local government provides weak awareness creation program for effective revenue mobilization in the local authority. Similar findings made by Ketema (2015), found that most of the respondents were not clear with the tax rates and deductible and nondeductible expenses showing most of them cannot correctly determine their taxable income and amount of their tax liability as well. The interview with revenue official were asked some recommendation on awareness creation program and answered there is program to create awareness on tax liability to tax payers. However, there is ineffective implementation of the program.

Figure 4: Responses regarding revenue administration system



3. The effect of the competence level of revenue collectors on revenue performance

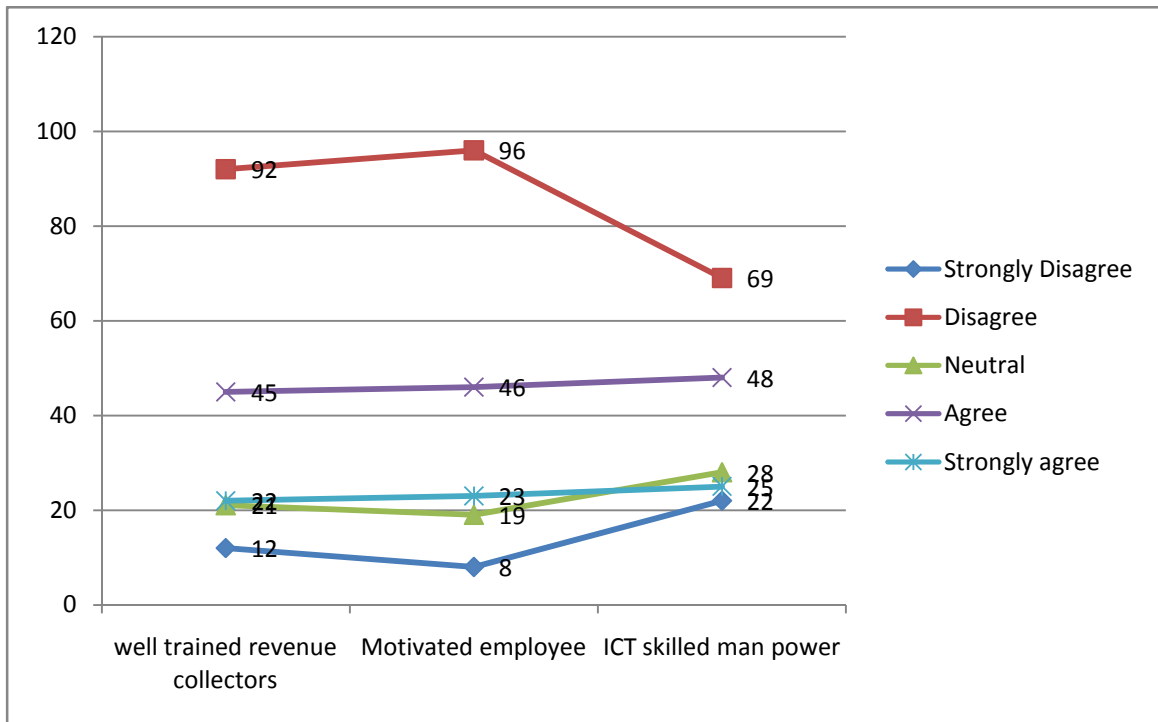
Table 11: Responses regarding the competence level of revenue collectors

Statement about competence level of revenue collectors to mobilize adequate revenue	Responses	Frequency	Percent	mean	Sta. deviation
1. The worda has well trained and experienced staff to collect the revenue	Strongly Disagree	12	6.3	2.75	0.875
	Disagree	92	47.9		
	Neutral	21	10.9		
	Agree	45	23.4		
	Strongly Agree	22	11.5		
	Total	192	100.0		
2. Revenue collectors are motivated enough to collect the revenue	Strongly Disagree	8	4.2	2.89	0.897
	Disagree	96	50.0		
	Neutral	19	9.9		
	Agree	46	24.0		
	Strongly Agree	23	12.0		
	Total	192	100.0		
3. Local authorities have employees with	Strongly Disagree	22	11.5	2.78	0.78

ICT Skills (Information communication technology)	Disagree	69	35.9		
	Neutral	28	14.6		
	Agree	48	25		
	Strongly Agree	25	13.0		
	Total	192	100.0		

Source: Field Survey 2017

Figure 5 :Responses regarding the competence level of revenue collectors



Source: Field Survey 2017

The respondents were asked to indicate their agreement or disagreement with statements regarding competence level of revenue collectors. Table 11 above shows that 21 respondents were neutral which represents 10.9%, 92 respondents were disagreed which represents 47.9%, 12 respondents were strongly disagreed which represents 6.3%, 45 respondents agreed which represents 23.4% and 22 respondents were strongly agreed which represents 11.5%. This response implies that the local government has no well trained and experienced revenue collectors for effective revenue mobilization in the local authority. Arifin and Zainal (1985), clarifies that performance is the level of achievement of an individual to complete an assignment. Study by Abdul Halim et al. (2001), concludes that work performance is the combination of mental and physical capability of an individual to complete a task, whereby, both of these aspects depend on the

requirements of the job. Furthermore, the performance of public revenue mobilization is based on the capability of revenue collectors. This can significantly affect the revenue mobilization and its administration performance.

The respondents were asked to indicate their agreement or disagreement with statements regarding competence level of revenue collectors. Table 11 above shows that 28 respondents were neutral which represents 14.6%, 69 respondents were disagreed which represents 35.9%, 22 respondents were strongly disagreed which represents 11.5%, 48 respondents agreed which represents 25% and 25 respondents were strongly agreed which represents 13%. This response implies that the local government has less ICT skilled man power for effective revenue mobilization in the local authority. Francoise and Winterton (2005), explain that ability is competence that is an unclear concept that touches on knowledge and skills and various elements that are important. They view that the competence framework based on a dimension is not sufficient and suggest a multidimensional one. This framework involves four dimensions of competence, namely, cognitive, functional, and social and Meta and Rahmah et al (2010), explained that workers' competence has significant influence towards workers' performance. Besides that, human capital and workers' characteristics also determine workers' performance in the service. So that the researcher support the idea of prior researchers based on findings from the respondents.

Table 12: Responses regarding the tax reforms of the country

statement	Responses	Prequency	percent	mean	Sta. deviation
1. The complication of tax laws of the country on revenue mobilization	worse	15	7.8	2.49	0.766
	bad	130	67.7		
	good	15	7.8		
	very good	32	16.7		
	Total	192	100.0		
2. Enforcement of tax laws, rules and regulations to collect adequate revenue	worse	7	3.6	3.04	0.65
	bad	16	8.3		
	good	132	68.8		
	very good	37	19.3		
	Total	192	100.0		
3. Appreciation of tax exemption and tax	worse	9	4.7	2.36	0.732
	bad	131	68.2		

holiday to encourage business people on revenue mobilization	good	22	11.5		
	very good	30	15.6		
	Total	192	100.0		
4.Providing adequate information about its service provisions	worse	25	13.0	3.05	1.04
	bad	26	13.5		
	good	57	29.7		
	very good	84	43.8		
	Total	192	100.0		

Source: Researcher's Field Survey 2017 SPSS output

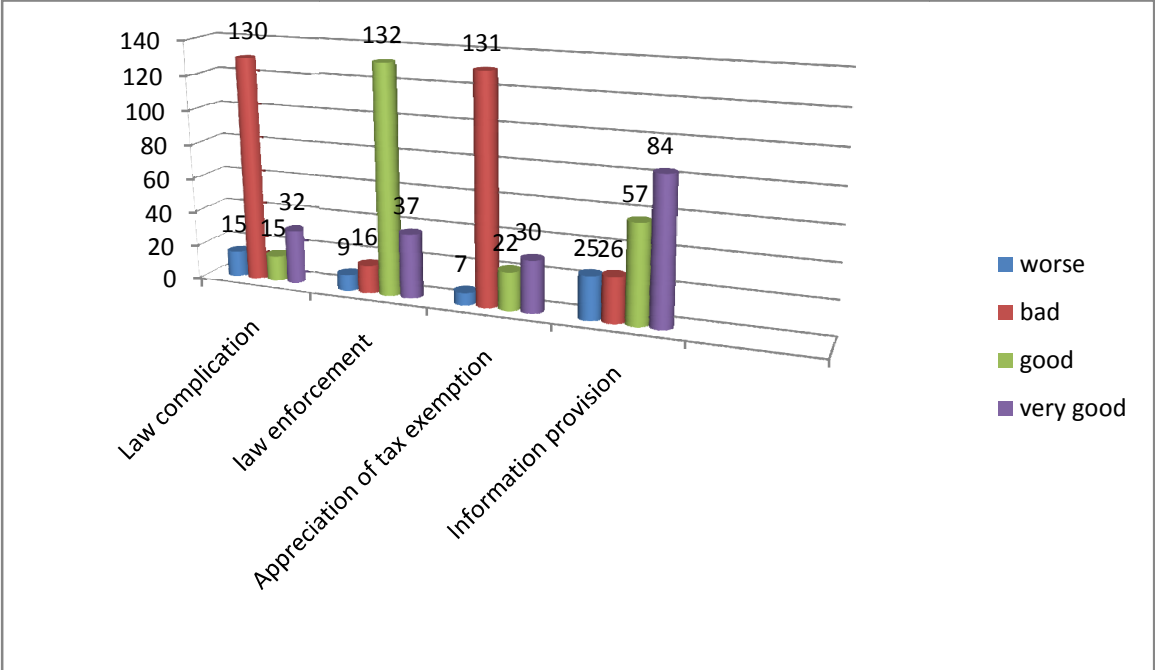
The respondents were asked to indicate their agreement or disagreement with statements regarding tax reforms of the country. Table 12 above shows that 15 respondents were worse which represents 7.8%, 130 respondents were bad which represents 67.7%, 15 respondents were good which represents 7.8% and 32 respondents very good which represents 16.7%. This response implies that the complication of tax laws of the country is bad for effective revenue mobilization in the local authority. Similar findings made by Bardhan and Mookherjee (2002), argued that a complicated and non-transparent local government revenue system is costly to administer and it facilitates corruption and mismanagement.

The respondents were asked to indicate their agreement or disagreement with statements regarding tax reforms of the country. Table 12 above shows that 7 respondents were worse which represents 3.6%, 16 respondents were bad which represents 8.3%, 132 respondents were good which represents 68.8% and 37 respondents very good which represents 19.3%. This response implies that the enforcement of tax laws, rules and regulations is good for effective revenue mobilization and its administration in the local authority.

The respondents were asked to indicate their agreement or disagreement with statements regarding tax reforms of the country. Table 12 above shows that 9 respondents were worse which represents 4.7%, 22 respondents were bad which represents 11.9%, 131 respondents were good which represents 68.2% and 30 respondents very good which represents 15.6%. This response implies that the appreciation of tax exemption and tax holiday to encourage business people is bad for effective revenue mobilization and its administration in the local authority.

The respondents were asked to indicate their agreement or disagreement with statements regarding tax reforms of the country. Table 12 above shows that 25 respondents were worse which represents 13%, 26 respondents were bad which represents 13.5%, 57 respondents were good which represents 29.7% and 84 respondents very good which represents 43.8%. This response implies that providing adequate information about its service provisions is very good for effective revenue mobilization and its administration in the local authority. The interview result of revenue officials of zonal level also show that provision of adequate information to taxpayers is essential to mobilize effective revenue to the development activities. However, the majority of the interviewers said that currently taxpayers do not associate any social services provided by the government with tax and they simply consider tax as payment to the government.

Figure 6: Responses regarding the tax reforms of the country



4.4. Inferential statistics

The role of *Inferential* statistics is concerned with the various tests of significance for testing hypotheses in order to determine with what validity data can be said to indicate some conclusion or conclusions. It is also concerned with the estimation of population values. It is mainly on the basis of inferential analysis that the task of interpretation (i.e.,

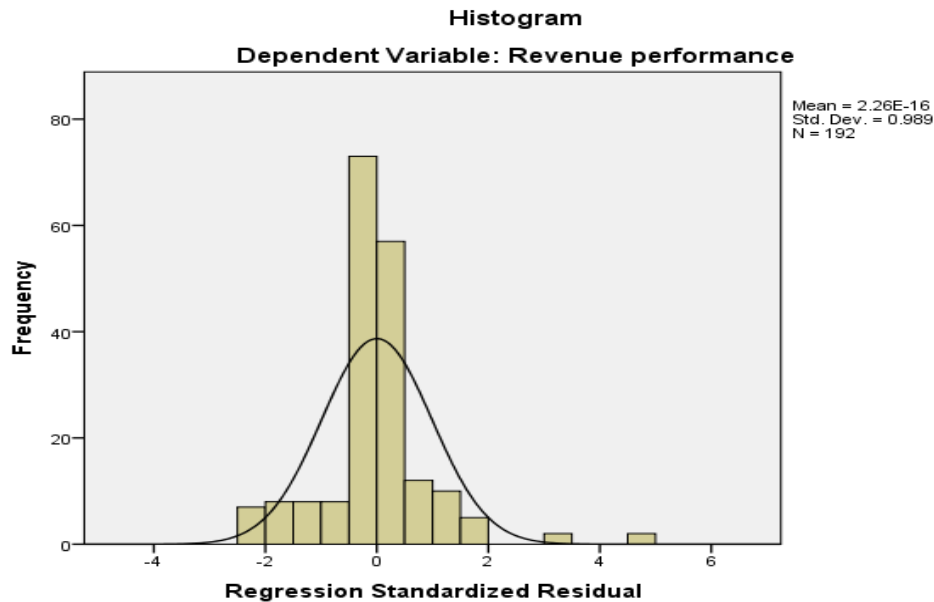
the task of drawing inferences and conclusions) is performed. In addition these inferential statistics concern with the process of generalization (Kothari, 2004).

4.4.1 Test results for OLS assumptions

4.4.1.1. Normality Test of distribution

According to Robert Ho (2006) it is assumed that errors of prediction (differences between the obtained and predicted dependent variable scores) are normally distributed. Violation of this assumption can be detected by constructing a histogram of residuals, with a visual check to see whether the distribution approximates the normal distribution. This means that the p-value given at the bottom of the normality test screen should be bigger than 0.05 to fail to reject the null of normality at the 95% significant level. So, the residuals are normally distributed but it's not bell shaped negatively skewed and the kurtosis value is 2.55 can be approached to 3 in this study; the researcher concluded that there is a no problem of normality.

Figure 7: Normality Test of distribution



Source: researcher's field survey, 2017 SPSS output

4.4.2 Test of multicollinearity

Multicollinearity refers to the situation in which the independent/predictor variables are highly correlated. When independent variables are multicollinear, there is “overlap” or sharing of predictive power. In SPSS, it is possible to request the display of “Tolerance” and “VIF” values for each predictor as a check for multicollinearity. A tolerance value can be described in this way. From a set of three predictor variables, use X1 as a dependent variable, and X2 and X3 as predictors. Compute the R² (the proportion of variance that X2 and X3 explain in X1), and then take 1 – R². Thus, the tolerance value is an indication of the percentage of variance in the predictor that cannot be accounted for by the other predictors. Hence, very small values indicate “overlap” or sharing of predictive power (i.e., the predictor is redundant). Values that are less than 0.10 may merit further investigation. The VIF, which stands for *variance inflation factor*, is computed as “1/tolerance,” and it is suggested that predictor variables whose VIF values are greater than 10 may merit further investigation (Ho, 2006).

Table 15: multicollinearity test

	coefficients	Sta. error	t	sig	Tolerance	VIF
(Constant)	-.123	.142	-.864	.389		
Source of public Revenue	.255	.072	3.537	.001	.334	2.994
Revenue administration system	.307	.077	4.005	.000	.295	3.392
competence level of revenue collectors	-.294	.082	2.662	.001	.295	3.385
Tax reforms of the country	.272	.073	3.748	.000	.295	3.387

Source: SPSS output run by the researcher, 2017

The result of the above table 16 shows that the tolerance value is less than 10 and VIF value is greater than 0.1 in this study, the researcher concluded that there is a no problem of multicollinearity.

4.4.3 correlations coefficient

Karl Pearson’s coefficient of correlation is also known as the product moment correlation coefficient. The value of ‘r’ lies between ± 1. Positive values of r indicate positive correlation between the two variables (i.e., changes in both variables take place in the same direction), whereas negative values of ‘r’ indicate negative correlation i.e.,

changes in the two variables taking place in the opposite directions. A zero value of 'r' indicates that there is no association between the two variables. When $r = (+) 1$, it indicates perfect positive correlation and when it is $(-) 1$, it indicates perfect negative correlation, meaning thereby that variations in independent variable (X) explain 100% of the variations in the dependent variable (Y) (Kothari, 2004).

Research Hypothesis

H1: The relationship between the competence level of revenue collectors and revenue performance is strong and significant.

H0: sources of revenue has strong and significant relationship with revenue performance .

H2: tax reforms of the country significantly and strongly correlated with revenue performance of local authority.

Table 13: Correlation

		competence level of revenue collectors	Revenue performance
competence level of revenue collectors	Pearson Correlation	1	.770**
	Sig. (2-tailed)		.000
	N	192	192
Revenue performance	Pearson Correlation	.770**	1
	Sig. (2-tailed)	.000	
	N	192	192

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

Source: Field survey SPSS output, 2017

Interpretation: $r_{h1} = 0.770$, $N = 192$ and $P < 0.05$ as shown on the table 13 above, we can conclude that there is a positive relationship between competence level of revenue collectors and revenue performance. Therefore, we fail to accept the null hypothesis and accept the alternative hypothesis and conclude that there are competence level of revenue collectors for revenue collection.

Table 14: Correlation

		Revenue performance	Source of public revenue
Revenue performance	Pearson Correlation	1	.747**
	Sig. (2-tailed)		.000
	N	192	192
Source of public revenue	Pearson Correlation	.747**	1
	Sig. (2-tailed)	.000	
	N	192	192

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

Source: Field survey SPSS output, 2017

Interpretation: $\rho = 0.747$, $N = 192$ and $P < 0.05$ as shown on the table 14 above, we can conclude that there is a positive relationship between sources of public revenue and revenue performance. Therefore we fail to accept the null hypothesis and accept the alternative hypothesis and conclude that there are sources of revenue for revenue collection.

Table 15: Correlation

		Revenue performance	Revenue administration system
Revenue performance	Pearson Correlation	1	.781**
	Sig. (2-tailed)		.000
	N	192	192
Revenue administration system	Pearson Correlation	.781**	1
	Sig. (2-tailed)	.000	
	N	192	192

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

Source: Field survey SPSS output, 2017

Interpretation: $\rho = 0.781$, $N = 192$ and $P < 0.05$ as shown on the table above 15, we can conclude that there is a positive and strong relationship between revenue administration system and effective administration of revenue generated. Therefore fail to accept the null hypothesis and accept the alternative hypothesis and conclude that there is revenue administration system put in place to ensure effective administration of revenue generated.

4.4.4. Regression Analysis

Multiple linear regression analysis was used to analyze data concerning analysis of public revenue mobilization and its administration in Dawro zone administration revenue authority. The model used was as follows; $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$

In the column labeled R is the value of multiple correlation coefficients between the predictors and outcomes. The next column gives us a value of R^2 which is a measure of how much variability in the outcome is accounted for by the predictors. For this model its value is 0.738 which mean that the predictors such as sources of public revenue, revenue administration system, competence level of revenue collectors and tax reforms of the country accounts for 73.8% of variation on revenue performance in Dawro zone revenue authority. The adjusted R^2 gives us some idea how well our model generalizes about the effect of predictors and dependent variable

The results show that predictor variables which included Sources of public revenue, Revenue administration system, Competence level of revenue collectors and Tax Reforms of the Central Government explain 73.3% of ratio of public revenue mobilization and its administration performance by Dawro zone administration (Adjusted $R^2 = 0.733$). These results are shown in table 16

Table 16: Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					
					Square Change	F Change	df1	df2	. F Change	Durbin-Watson
1	.859 ^a	.738	.733	.44716	.738	131.990	4	187 ^a	.000	1.937

Source: Field survey SPSS output, 2017

a. predictors: (Constant), Tax reforms of the country, Source of public revenue, Competence level of revenue collectors, Revenue administration system

b. Dependent Variable: Revenue performance

Analysis of variance (ANOVA) was used to establish the fit of the analysis model used for this analysis. The significance of F value was used to judge the fitness of the model. Statistically significant F value denotes a fit model while a statistically insignificant F value denotes a model that is not fit for the analysis. In this case the Value was statistically significant (F=131.990, p=0.000) hence the model was fit for the analysis. This implies that the relationship established by the model did not occur by chance. The results are shown in table 17

Table 17: ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	105.569	4	26.392	131.990	.000 ^b
Residual	37.392	187	.200		
Total	142.961	191			

Source: Field survey SPSS output, 2017

a. Dependent Variable: Revenue performance

b. Predictors: (Constant), Tax reforms of the country, Source of public revenue, Competence level of revenue collectors, Revenue administration system

Table 18: Revenue performance Model

Model	Coefficients	Std. Error	t	Sig.	Collinearity statistics		
					Tolerance	VIF	
1	(Constant)	-.123	.142	.864	.389		
	Source of public revenue	.255	.072	.537	.001	.334	2.994
	Revenue administration system	.307	.077	.005	.000	.295	3.392
	Competence level of revenue collectors	-.294	.090	-3.266	.001	.291	3.431
	Tax reforms of the country	.272	.073	.748	.000	.295	3.387
R Square = 0.738			Adjusted R Square = 0.733				
Std. Error of the Estimate = 0.44716			F-statistic = 131.990				
Prob(F-statistic) = 0.000							
Durbin-Watson test = 1.937							

Source: Field survey 2017 SPSS output

Notes: *** denotes significance level at 1% significant

Source: multiple linear regression model from SPSS run by the researcher.

As shown on table 1.11 the explanatory power of the public revenue performance determinants in terms of R² is 73.3% this good in pooled data as explained by Guajarati (2004) as expected, the researcher observes differences in the coefficients and the significance of the variables affecting revenue. And therefore, based on the above estimation result, the following estimated regression function is obtained.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Substituted by Coefficients:

$$RP = -.123 + .255X_1 + .307X_2 - .294X_3 + .272X_4 + \varepsilon$$

Thus, this regression equation can be used to predict the value of the dependent variable based on a set of values for the independent variables. For instance, if all variables are held stationary, on average, an increase in sources of public revenue by its items by 1% can increase the ratio of revenue performance by 25.5%. Similarly, an increase the effect of revenue administration system, competence level of revenue collectors and tax reform of the central government by 1% can increase the ratio of revenue performance by 30.7%, 29.4%, and 27.2% respectively.

From the above table 18 tax reform of the country has the p-value of 0.000 which is significant at 1%, revenue administration system has p-value of 0.000 which is significant at 1% and competence level of revenue collectors is significant has p-value of 0.001 which is significant at 1% while the remaining one variable called sources of public revenue has p-value 0.001 which is significant at 1%. Further, the detail analyses of each variable result are discussed below.

1. Sources of Public Revenue

As a first variable sources of public revenue to performance of public mobilization and its administration percentage regression result shows significant effect on revenue performance since the result depicts the p-value of 0.001 and its coefficient result shows positive 0.255, the result in case of local government is as expected and prior researchers like Osisami (1994) & Adenugba (2013), found that sources of public revenue to revenue performance employed have positive and significant effect for on ratio internally generated revenue. From the above definitions, it can be said that revenue is the total

amount of income accruing to a state from various sources within a specified period. The state government, like the other two tiers of government, has sources and uses of revenue.

From the result, the researcher concluded that similar with the previous researcher did support in Ethiopian context the type or source of revenue percentage has a significant effect on public revenue mobilization performance at 99% confidence interval. According to Ayenew (2016), as evidenced by the result of his study, tax revenue has remained to be the low contributor of the total government revenue in Ethiopia. moreover, the share of tax revenue to GDP is very low, which would imply that domestic resource mobilization is at an infant stage in Dawuro zone local authority. According to researcher point of view and reviewed documents, the outcome of source revenue impact on the performance of revenue is immediate. So that source of public revenue in Dawro zone local authorities has a significant impact on the public revenue performance in the period covered by the research. Therefore, the null hypothesis is rejected.

2. Revenue Administration system

As a second variable revenue administration system in the regression equation has positive and significant in affecting performance of revenue at 99% confidence interval, the result depicts the p-value of 0.000 and it's coefficient result shows positive 30.7% as predicted in theory that lack of awareness creation and provision of logistics for revenue mobilization hinder to collect adequate amount of revenue for developmental activities. Prior researchers like Kinoti (2016), Edogbanya 2013), also found the same result as revenue administration system has a positive impact on the ratio of revenue performance. According to Afuberoh et al Emmanuel (2014), the weaknesses in revenue administration systems lead to inadequate tax revenue collections in local government. Thus the researcher concluded that the revenue administration systems in place have the positive and significant effect to the local government in revenue mobilization and its administration. Therefore, the null hypothesis is rejected.

3. Competence level of revenue collectors

Competence level of revenue collectors from regression result shows that has a positive significant impact on the ratio of revenue performance at 99% significant level the result depicts the p-value of 0.000 and its coefficient result shows negative 29.4%. This result did not supports prior expected the sign of the coefficient as found by G. Sule (2013), J.

M. Nunda (2015), it was established that there exists a very strong, positive and statistically significant relationship between the competence of revenue clerks and optimal revenue collection. However, the researcher disagree with prior researchers and concluded that competence level of revenue collectors affects the revenue performance of local authority negatively and statically significantly. Therefore, a null hypothesis is rejected.

4. Tax reforms of the country

Tax reforms of the country have the positive sign which is significant at 99% significant level the result depicts the p-value of 0.000 and its coefficient result shows positive value of .272, the regression result indicating that revenue performance ratio increase with the effectiveness of tax reforms of the country as a measure of public revenue growth. Normally it is expected to be the positive impact of revenue performance as economic development, government's ability to collect taxes and citizen's ability to pay will increase. Ethiopia's tax system is progressive as clearly stated on tax proclamation number 286/2002 means a person who gets high income will pay high tax under different tax schedules like personal income tax, rental income tax, business income tax and other incomes so theoretically an increase in tax rate will lead to high tax revenue. The reform measures are intended to encourage trade, investment, and hence development; broadening the tax base and increase Government revenues to support social programs and alleviate poverty; strengthen the enforcement capacity of the tax and customs authorities; and promoting equity in the tax system Tax administration reform includes the proper registration of taxpayers, assessing taxable income and timely collecting of the assessed tax. This finding supports prior study done by Kefela (2009), found only the tax reform effect positive and significant by taking the data of only developing countries, Ahsan and Wu (2005), examined the tax share in countries for 1979-2002 has positive and significant relation with revenue performance. Hence the researcher concluded that in Dawuro case tax reforms of the country has a positive and significant impact on revenue performance. Therefore, a null hypothesis is rejected.

CHAPTER FIVE

5. Conclusion, And Recommendation

5.1 INTRODUCTION

This chapter presents conclusions and recommendations based on the research objectives. The main objective of the study is to examine the factors that are impeding the revenue mobilization and administration in dawuro zone administration revenue authority.

5.1. conclusions

The main objective of the study is to examine the factors that are impeding the revenue mobilization and administration in dawuro zone administration revenue authority.

Based on the discussion and analysis made in chapter four the researcher concluded its findings as follow.

- The findings of the study on sources of public revenue reveal that the 107(55.7%) were agreed that there were more Regional Government's contributions to development projects of local government than internal revenue, majority 96 (50%) respondents replied that the regional government subsidy is main source of revenue for local government. The correlation coefficient 0.747 reveal that the source of revenue and revenue performance has positive and strong relationship. The regression result shows p-value of 0.001 and its coefficient positive 0.255 which indicates that a unit change in source of revenue explained .255(25.5%) on public revenue performance. Based on this finding of the study the contribution of internal revenue to total budget was less and it has positive and significant effect on revenue performance.
- The findings of the study on revenue administration system reveal that the 103(55.2%) were replied that the local taxpayers do not pay their tax liability regularly to the local government to generate internal revenue from its own sources, majority 73 (38%) respondents disagreed that the local government provides weak awareness creation program for effective revenue mobilization in the local authority. The correlation coefficient 0.781 reveal that the revenue administration system and public revenue performance has positive and strong relationship. The regression result shows p-value of 0.000 and its coefficient

positive 0.307 it implies that a unit change in revenue administration system explained 0.307(30.7%) on public revenue performance. Based on this finding of the study the revenue administration system was weak and low level of awareness creation and it has positive and significant effect on public revenue performance.

- The findings of the study on the competence level revenue collectors reveal that the 92(55.2%) were disagree that the local government has no well trained and experienced revenue collectors for effective revenue mobilization in the local authority, majority 69 (35.9%) respondents disagreed that the local government revenue authority has less ICT skilled man power for effective revenue mobilization. The correlation coefficient 0.770 reveal that the competence level revenue collectors and public revenue performance has positive and strong relationship. The regression result shows that the p-value of 0.000 and its coefficient negative 0.294 which indicates a unit change in a competence level revenue collectors explained -.294(29.4%) on public revenue performance. Based on this finding of the study the researcher concluded that there was low competence level revenue collectors in area where the study conducted and it has negative and significant effect on public revenue performance.
- The findings of the study on tax reforms of the country show that the 130(67.7%) replied bad that the complication of tax laws of the country is bad for effective revenue mobilization in the local authority, majority 131(68.2%) respondents replied good that the appreciation of tax exemption and tax holiday to encourage business people is good for effective revenue mobilization and its administration in the local authority. The correlation coefficient 0.781 reveal that the tax reforms of the country and public revenue performance has positive and strong relationship. The regression result shows that a unit change in a tax reforms of the country explained 0.272(27.2%) on revenue performance. Based on this finding of the study the researcher concluded that there was a gap in implementation of tax reforms of the country in area where the study conducted and it has positive and significant effect on public revenue performance. The explanatory power of the public revenue determinants in terms of R² is 73.3%.

Based on the above analysis of the variable tested their hypothesis result shows that three independent variables have a positive and significant relation with public revenue performance, whereas, the competence level of revenue collectors has negative coefficient and statistically significant.

5.3. Recommendations

The Local Government by law has certain obligation, to offer to the people at the grass root level. In order to fulfill such obligation, the 1994 constitution of FDRE and the 2001 revised constitution of SNNPRS article 45 has given the resource administration power to local authorities. It showed also that government could generate more internal revenue if proper machineries are put in place to complement constitutional allocation. In spite of this constitution provision the Local Governments still suffer many problems of revenue collection, hence; in light of the aforementioned conclusions of the study, the researcher wish to make the following recommendations to minimize the problems of Dawuro zone Administration Revenue Authority revenue mobilization and its administration program so that to improve revenue performance and to meet the revenue needs of the government.

- ❖ Concerned with sources of public revenue Dawuro zone Revenue Authority should assess different revenue sources to increase the revenue performance and the administration of local authority should give emphasis and assign adequate resources for revenue mobilization. In addition, the local authorities have to parties with manufacturing companies to establish factories. This will not only in increasing it revenue drive but provide employment opportunities for the indigenes of the local government.
- ❖ With regard to revenue administration system tax payers have lack of awareness regarding tax rules, regulation directives and procedures. This is due to level of awareness is depends on taxpayers educational background and exposure. To increase the awareness level, Dawuro Zone Revenue Authority should give great attention to educate communities as well as taxpayers through different techniques like media such as TV, Radio, different publications, Magazines and using different structures (School, church, and kebele 1 to 5 approach). In addition to this the revenue authority provides house to house education and

discussion by considering the type and size of taxpayers. So that it will enhance awareness of taxpayers, minimize gaps of tax compliance problems and it will also enhance timely submission of the tax revenue returns by business taxpayers.

- ❖ Concerned with the competence level of revenue collectors, the research findings confirmed that the competence level of revenue collectors negatively and significantly affected the revenue performance of the local authorities. It is recommended that local Governments should create competitive provisions for their employees in order to attract skilled and competitive employees. More so, local Governments at zonal level should organize workshops and seminars as part of on-job training with the aim of imparting skills in their workforce. Moreover, the competent revenue collectors should be hired in the revenue mobilization and administration section and provide Good incentive and remuneration to Workers . This will encourage and boost their morale in discharging their duties.
- ❖ With regards to tax reforms of the country, the study findings confirmed that tax reforms of the country positively and significantly affected the revenue performance of the local authorities in Dawuro zone. It recommended that the local authorities at woreda level should execute the tax reforms of the country accordingly on bases of tax laws by providing tax exemption system to investors, encouraging loyal taxpayers in providing incentive and relieving tax accordingly the tax laws. This will encourage and boost their morale in realizing their duties.

5.4. Future research direction

- ❖ The coefficient of determination show that 73.3% of the variation in public revenue performance is affected by sources of public revenue, revenue administration system, competence level of revenue collectors and tax reforms of the country. But other researchers should study on other factors affecting the public revenue mobilization and its administration in Dawuro zone revenue authority as the regression result indicated that 26.7% the variations in public revenue performance for other variables.

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Annex- I
JIMMA UNIVERSITY
COLLEGE OF BUSINESS & ECONOMICS
DEPARTMENT OF MANAGEMENT

Opinion Survey Questionnaire:

Dear Respondents; This survey is conducted as partial fulfillment for the completion of Master Degree in Public Management at Jimma University. This questionnaire is designed by the researcher to collect data for the study entitled “**Analysis of Public Revenue Mobilization and Its Administration in Local Government**”. The major objective of the study is to examine the factors that are impeding public revenue mobilization and administration in dawuro zone administration revenue authority.

The questionnaire is meant to be filled by revenue collecting employees’ coordinators of work processes and taxpayers. Confidentiality is assured. For the research to yield valid results, it is important that you answer all the questions as honestly and truthfully as possible. The answers need to reflect your own opinion and perception with regard to your organization. Thank you in advance for your willingness to participate in this study. It is greatly appreciated.

Part I: Questionnaires for Revenue collectors of local authority

SECTION I: Demographic Information (Place Tick mark (√) in the appropriate box)

1. What is your age in years? a) Below 18 Years () b) 19 – 29 Years () c) 30 – 45 Years () d) 46 – 60 Years () e) Above 60 Years ()
2. What is your gender? a) Male () b) Female ()
3. Your job position a) Coordinators of work process () b) Specialist in revenue collection () c) CEO ()
d) Employee (No-management-position) () e) other, please specify _____
4. What is your Educational qualification? a) Less than 12 grade () b) certificate ()
c) Diploma ()
d) First degree () e) Masters and above ()
5. Please indicate your work experience: i. Years as revenue collector/ Specialist (if any) a. 1-3 years b. 4-7 years c. 8-10 years d. 11years and above
ii. Years in other than revenue collector a. 1-3 years b. 4-7 years c. 8-10 years d. 11years

and above

6. What is your basic salary per month?

a) Below 1,500Br. / Month () b) 1,501 – 2,500 Br. /month () c) 2,501 – 3,500 Br. / month ()

d) 3,501 – 4,500 Br. / month () e) More than 4,500 Br. / month ()

7. How much additional payment you earn other than basic salary per month?

a) Null () b) Below 1,000 Br. / month () c) 1,001 – 1,500 Br. / month () d) 1,501 – 2,000 Br. / month () e) Above 2,000 Br. / month ()

Section II: Sources of revenue as determining factor of revenue mobilization and its administration

Listed below are statements about the sources of the revenue as determining factor of public revenue mobilization and its administration. For each statement, you are requested to fill by placing a **Tick mark (√)** in the appropriate box for

Strongly Disagree(1) Disagree (2) Neutral (3) Agree (4) Strongly Agree(5)

Statements about sources of public revenue	1	2	3	4	5
1. Tax is main sources of locally generated revenue of the local authority.					
2. The woreda has adequate revenue sources.					
3. The woreda has power to generate revenue locally.					
4. Funds from central government have had positive impact on development projects					
5. The sources of revenue available to the local authority is from the traditional sources					
6. The Central Government remit funds to local authority					
7. Government's contributions to development in the woreda exceed contribution from Internally Generated Funds.					

Section III: Revenue administration system as determining factor of revenue mobilization and its administration

Listed below are statements about the revenue administration system as determining factor of public revenue mobilization and administration. For each statement, you are requested to complete by placing a **Tick mark (√)** in the appropriate box for

. Strongly Disagree(1) Disagree (2) Neutral (3) Agree (4) Strongly Agree(5)

Statements about public revenue administration system	1	2	3	4	5
1. There is awareness creation program on tax laws and procedures.					
2. Taxpayers are well aware on their tax obligations.					
3. There is fair tax among similar businesses in same proximity					
4. Solving problems of tax related issues timely and correctly					
5. There is cooperativeness of tax officers in explaining any tax related questions raised from taxpayers					

Section III: competence level of revenue collectors as determining factor of revenue mobilization and its administration

Listed below are statements about the competence level of revenue collectors as determining factor of public revenue mobilization and its administration. For each statement, you are requested to complete by placing a **Tick mark (√)** in the appropriate box for.

Strongly Disagree(1) Disagree (2) Neutral (3) Agree (4) Strongly Agree(5)

Statements about staff competence on revenue mobilization	1	2	3	4	5
1. The woreda has well trained and experienced staff to collect the revenue					
2. Revenue collectors are motivated enough to collect the revenue.					
3. Revenue collectors have capability in decision making and problem solving in regarding with service delivery.					
4. Revenue collectors are more committed to mobilize adequate amount of revenue.					
5. Local authorities have employees with ICT Skills (information technology)					

Section IV: Tax reforms of the central government as determining factor of revenue mobilization and its administration

Listed below are statements about the tax reforms of the central government as determining factor of public revenue mobilization and its administration. For each statement, you are requested to complete by placing a **Tick mark (√)** in the appropriate box for.

Worse (1) Bad (2) Good (3) Very Good (4)

Statements about Tax reform and its effect on revenue administration and mobilization	1	2)	3	4
1. Providing adequate information about its service provisions				
2. Enforcement of tax laws, rules and regulations to collect adequate revenue.				
3. Making tax collection procedures simple				
4. The increment of business expenditures and corporate income tax				
5. Appreciation of tax exemption and tax holiday to encourage business people on revenue mobilization.				

Section VI. Open -ended questions

1. In your own opinion what should the management do to ensure effective revenue mobilization of the local authority?
2. Suggest possible solution on problems that the Management encounters in mobilizing revenue for the local authority

Anex -II

Business taxpayers' of local authority of Dawro zone survey *instrument (English V.)*

The purpose of this study is to investigate the determinants in public revenue mobilization and its administration in local authorities of dawro zone administration revenue authority

The major objectives of the study is to examine the factors those are deterring revenue mobilization and administration in dawuro zone administration revenue authority

Section I: General information of the business taxpayers

1. Gender: Male () Female ()
2. Age: a) 15 – 30 years () b) 31- 40 years () c) 41-50 years () d) Above 51 years ()
3. Marital status 1. Married () 2. Single ()
4. What is your educational qualification? a) Nil () b) Diploma () c) Degree () d) masters and above ()
5. For how long have you been paying revenue to woreda? a) 1 -3 years () b) 4-6 years () c) 7-10 years () d) Above 10 years ()
6. What is the legal form of your business? a) Sole proprietorship () b) PLC (Private Limited Company) () c) Partnership () d) Others (E.g. Associations...)()
7. When did you start business? a) 1-2 year () b) 3-5 years () c) 6-10 years () d) more 10 years
8. What was the annual sales turnover of your business in 2015/16 (2008 E.C)? a) Birr 100,000 or less () b) Birr 100,001-1,500,000 () c) Birr 1,500,001-15,000,000 () d) above Birr 15,000,000 ()
9. What is your main business sector? a. Manufacturing () b. General merchandising & trade () c. Services (secretarial, maintenance, food & beverage, etc.) ()

Section II: Sources of revenue as determining factor of revenue mobilization and its administration

Listed below are statements about the sources of the revenue as determining factor of public revenue mobilization and its administration. For each statement, you are requested to fill by placing a **Tick mark** (✓) in the appropriate box.

Strongly Disagree (1) Disagree (2) Neutral (3) Agree (4) Strongly Agree(5)

Statements about revenue sources	1	2	3	4	5
1. Tax is main sources of locally generated revenue of the local authority.					
2. The woreda has adequate revenue sources.					
3. The woreda has power to generate revenue locally.					
4. The Central Government remit funds to local authority					
5. Government’s contributions to development in the woreda exceed contribution from Internally Generated Funds.					

Section III: Revenue administration system as determining factor of revenue mobilization and its administration

Listed below are statements about the revenue administration system as determining factor of public revenue mobilization and administration. For each statement, you are requested to complete by placing a **Tick mark (√)** in the appropriate box for.

Strongly Disagree (1) Disagree (2) Neutral (3) Agree (4) Strongly Agree(5)

Statements about revenue administration system	1	2	3	4	5
1. There is awareness creation program on tax laws and procedures.					
2. Taxpayers are well aware on their tax obligations.					
3. There is fair tax among similar businesses in same proximity					
4. Solving problems of tax related issues timely and correctly					
5. There is cooperativeness of tax officers in explaining any tax related questions raised from taxpayers					

Section III: competence level of revenue collectors as determining factor of revenue mobilization and its administration

Listed below are statements about the competence level of revenue collectors as determining factor of public revenue mobilization and its administration. For each statement, you are requested to complete by placing a **Tick mark (√)** in the appropriate box for.

Strongly Disagree (1) Disagree (2) Neutral (3) Agree (4) Strongly Agree(5)

Statements about staff competence on revenue mobilization	1	2	3	4	5
1. The woreda has well trained and experienced staff to collect the revenue					
2. Revenue collectors are motivated enough to collect the revenue.					
3. Revenue collectors have capability to make decisions and solve problems					
4. Revenue collectors more committed to mobilize adequate amount of revenue.					
5. Local authorities have employees with ICT Skills (information technology)					

Section IV: Tax reforms of the central government as determining factor of revenue mobilization and its administration

Listed below are statements about the tax reforms of the central government as determining factor of public revenue mobilization and its administration. For each statement, you are requested to complete by placing a **Tick mark (√)** in the appropriate box for.

Worse (1) Bad (2) Good (3) Very Good (4)

Statements about Tax reform and its effect on revenue administration and mobilization	1	2	3	4
1. Providing adequate information about its service provisions				
2. Enforcement of tax laws, rules and regulations to collect adequate revenue.				
3. Making tax collection procedures simple				
5. The increment of business expenditures and corporate income tax				
6. Appreciation of tax exemption and tax holiday to encourage business people on revenue mobilization.				

Section V. Open -ended questions

1. In your own opinion what should the management do to ensure effective revenue mobilization of the local

authority? _____

2. Suggest possible solution on problems that the Management encounters in mobilizing revenue for the local authority.

Part III: In-Depth Interview Questions for Management Team of Local Authority in Dawro zone revenue authority

1. Do you know that Dawro zone revenue authority has power to generate revenue locally?
2. What are the main sources of the revenue to Dawro zone revenue authority?
3. Do you find revenue collectors competent enough to mobilize adequate amount of public revenue?
4. Are revenue superintendents and revenue collectors educated on revenue mobilization?
5. Does the management Team provides the needed logistics to revenue staff for effective revenue mobilization, monitor revenue collection and set revenue targets?
6. What are the criteria for setting the targets?
7. How would you find the awareness level of the taxpayers in revenue mobilization of the local authority?
8. Do you think the tax reform of the country can affect revenue mobilization and its administration of local government?
9. In your own opinion what should the management do to ensure effective revenue mobilization of the local authority?
10. Suggest possible solution on problems that the Management encounters in mobilizing revenue for the local authority.

Anex-III

**The share of domestic revenue to total budget from the fiscal year 2011/12-2015/16
in Dawro Zone Administration**

Fiscal years	Total revenue	Subsidy	Share of Subsidy %	Tax revenue (A)	Share of (A) %	Non-tax revenue(B)	Share of(B) %	share of A+B
2011/12	215,879,898	163,744,324.6	75.85	40,095,465.57	18.79	9,264,491.25	4.38	22.29
2012/13	254,956,415.4	181,345,822.6	71.13	57,077,749.69	22.39	13,365,583.25	5.24	27.63
2013/14	381,159,907	287,345,654.67	75.39	71,059,068.75	18.64	14,395,182.81	3.77	22.41
2014/15	447,444,540.9	322,330,240	72	101,004,558.6	22.57	18,489,212	4.13	26.71
2015/16	487,715,291.7	349,117,425	72	106,677,088.69	21.87	18,437,469.96	3.78	25.6
Average share			73.27		20.85		4.26	24.93

The share of domestic revenue to total budget from the fiscal year 2011/12-2015/16 in three selected woredas

woreda	Items of revenue	2011/12	2012/13	2013/14	2014/15	2015/16
1. Tocha	Total revenue	30,754,325.54	38,450,284.5	47,499,752.52	64,388,808.84	76,729,965
	Subsidy	25,480,675.23	29,480,574.01	37,023,366.33	50,850,411.24	60,356,476.76
	Share	82.85%	80.01%	77.94%	78.97%	78.66%
	Tax revenue (A)	3,235,256.24	4,820,381.58	5,670,911.83	9,761,423.02	9,563,653.21
	Non-tax revenue(B)	1,874,258.36	1,856,422.97	4,326,612.82	3,225,488.67	3,103,289.12
	share of A+B	16.61%	18.12%	21%	20.17%	16.51%
2.. Mareka	Items of revenue	2011/12	2012/13	2013/14	2014/15	2015/16
	Total revenue	32,482,644.75	40,032,105.9	49,277,083.69	74,842,367.21	82,693,982.02
	Subsidy	26,117,614.85	31,515,923.06	40,939,205.25	59,881,338.52	62,652,894.56
	Share of subsidy	80.40%	78.73%	83.08%	80%	78.93%
	Tax revenue (A)	3,960,306.51	5,880,240.36	5,628,998.59	10,927,115.3	12,537,761.52
	Non-tax revenue(B)	1,962,175.39	2,279,000.24	2,145,561.14	3,242,034.28	3,034,479.34
share of A+B	18.23	20.38%	15.78%	18.93%	19.79%	
3. Loma	Items of revenue	2011/12	2012/13	2013/14	2014/15	2015/16
	Total revenue	34,035,650.35	40,605,978.51	55,315,970.43	72,605,677.63	83,249,612.1
	Subsidy	24,906,707.27	27,909,027.5	35,617,848.08	49,375,846	60,356,476.76
	share of subsidy	73.18%	68.73%	64.38%	68%	72.50%
	Tax revenue (A)	7,000,120.72	10,275,337.73	16,750,778.36	19,284,985.15	21,002,545.8
	Non- tax revenue(B)	1,706,290.27	2,000,705.28	2,404,174.2	2,655,204.26	3,103,289.12
share of A+B	25.58%	30.23%	34.63%	30.21%	28.96%	