

# **REVENUE ADMINISTRATION STRATEGIES AND FINANCIAL PERFORMANCE OF CITIES IN EASTERN UGANDA, CASE STUDY OF JINJA CITY COUNCIL**

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**UGANDA CHRISTIAN  
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**DECLARATION**

I **Mutesi Christine** declare that this research report is my original work and has never been presented before to any higher institution of learning for the award of a degree.

Signature...  .....Date...30th-Aug-2025.....

## APPROVAL

This is to certify that this research report has been done under my close supervision and is now ready for submission to the department of Business Administration with my approval.

Signature  ..... Date 29<sup>th</sup> August-2025.....

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## **DEDICATION**

I dedicate this research report to my sister Kaudha Sarah and my brother Waiswa Bethel for their contribution towards my education.

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## LIST OF ABBREVIATIONS

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

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## **ABSTRACT**

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

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.0 Introduction**

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

### **Background to the Study**

Revenue financial performance is a critical aspect of public finance, particularly in developing economies where domestic resource mobilization is essential for sustainable development. Effective revenue administration enables governments to provide essential public services, reduce dependence on external borrowing, and achieve fiscal sustainability. However, many countries especially in Africa and parts of Asia continue to face significant challenges in enhancing their revenue performance despite the implementation of various administrative strategies. This study therefore seeks to examine the effectiveness of revenue administration strategies and their impact on financial performance, with a particular focus on cities in Eastern Uganda.

### **1.2 Historical Background**

Globally, revenue performance has exhibited significant disparities between developed and developing economies. For instance, in 2013, the West African Economic and Monetary Union reported a revenue administration rate of only 19.1%, which was below the Sub-Saharan Africa average of 27.5% (Thiao, 2021). Similarly, in South Asia, most countries excluding China have continued to struggle with revenue collection despite numerous tax reforms. In Sub-Saharan Africa, long-standing issues such as illicit financial flows, limited administrative capacity, and political interference have constrained revenue mobilization, resulting in stagnant or declining revenue performance. The situation was further aggravated by the COVID-19 pandemic, during which some countries recorded revenue declines of up to 15% in monthly tax collections in 2020 (Aslam et al., 2025). For example, during the COVID-19 lockdown in Kenya, value-added tax (VAT) collections dropped sharply because many small businesses closed down, making it difficult for the government to meet its expenditure needs without resorting to external borrowing.

### **1.2.1 Theoretical Background**

This study is underpinned by key fiscal theories, particularly the Ability to Pay Theory and the Benefit Theory of Taxation. The Ability to Pay Theory argues that taxes should be levied in proportion to an individual's capacity to pay, thereby ensuring fairness and equity in revenue collection. On the other hand, the Benefit Theory emphasizes that taxpayers should contribute to government revenue in line with the benefits they receive from public services. Both theories highlight the importance of equity, efficiency, and transparency in revenue systems, providing a theoretical foundation for analyzing how administrative strategies can influence financial performance. In practice, Uganda's Pay As You Earn (PAYE) system reflects the Ability to Pay Theory since employees with higher incomes are taxed at higher rates, while fuel levies demonstrate the Benefit Theory, as road users contribute more to road maintenance depending on their fuel consumption.

### **1.2.2 Conceptual Background**

Conceptually, revenue financial performance refers to the extent to which government institutions effectively mobilize, manage, and utilize financial resources to meet public expenditure needs. Key components of revenue administration include efficiency in tax collection, enforcement of policies, taxpayer education, and corruption control. Revenue administration strategies may take the form of digitization, decentralization, compliance enforcement, and institutional reforms, all aimed at enhancing financial performance. When such strategies fail, the consequences are often reflected in revenue shortfalls, weak service delivery, and growing fiscal deficits. A good example is Rwanda's adoption of electronic billing machines (EBMs), which improved compliance by reducing under-declaration of sales by businesses. Conversely, in several Ugandan districts, weak enforcement and limited taxpayer sensitization have resulted in poor compliance in market dues collection, ultimately lowering local revenue mobilization.

### **1.2.3 Contextual Background**

In Uganda, revenue performance has remained below its potential despite several reforms over the past two decades. Between 1999/2000 and 2016/17, the country's tax-to-GDP ratio increased only modestly from 11.7% to about 14%, still lower than the regional average of 16% (Lwanga et al., 2018). Rising public expenditure, largely driven by the National Development Plan (NDP), has created a widening gap between revenue collection and spending, leading to an increased dependence on borrowing. At the local government level, particularly in cities such as Jinja and Mbale, persistent revenue shortfalls continue to undermine fiscal performance despite the existence of multiple sources of revenue and diverse administrative strategies. These shortfalls are largely attributed to weak taxpayer compliance, inadequate enforcement mechanisms, limited administrative resources, and poor alignment between policy frameworks and local development priorities. For instance, Jinja City has consistently failed to collect expected revenue from property tax because many landlords under-declare their properties, while Mbale City struggles with enforcing trading license fees as some businesses operate informally without proper registration.

### **1.3 Problem Statement**

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

Uganda's journey to self-reliance (USAID, 2020). However, Financial underperformance in revenue administration and collection is one of the major difficulties confronting cities in eastern Uganda in budget execution. There has been persistent deficit in local revenue collections. In 2016/17, limited funding was noted to be critical in infrastructure development and a local revenue collection deficit was reported in Cities in Eastern Uganda 2017). According to the Auditor General's Report (2019), for the FY 2019/2020 it was observed that the cities planned to collect Revenue of UGX.111, 080,000,000 during the year under review and only UGX.84, 927,640,611 was collected representing a revenue shortfall of UGX.26, 152,359,390 representing a decline of 24%. Consequently, such poor financial performance has remained one of the main challenges that the authority faces in execution of its services (Auditor General's Report, 2019). Based on the extensive review of existing literature, it is evident that there is a notable gap in research concerning the assessment of the effect of revenue administration strategies on the financial performance of Jinja City in Eastern Uganda. Therefore, this study becomes essential and necessary to address this significant knowledge gap.

#### **1.4 Purpose of the Study**

The overall objective of the study was to examine the effect of revenue administration strategies on the financial performance of Jinja City in Eastern Uganda.

##### **1.4.1 Specific Objectives**

The study was guided by the following specific objectives;

1. To establish the effect of electronic collection of local revenue on the financial performance of Jinja City in Eastern Uganda.
2. To establish the effect of Voluntary compliance on the financial performance of Jinja City in Eastern Uganda.
3. To establish the effect of direct field revenue collection on the financial performance of Jinja City in Eastern Uganda

### **1.4.2 Research Questions**

1. What is the effect of electronic collection of local revenue on the financial performance of Jinja city in eastern Uganda?
2. What is the effect of Voluntary compliance on the financial performance of Jinja city?
3. What is the effect of direct field revenue collection on the financial performance of Jinja city in eastern Uganda?

### **1.5 Significance of the Study**

The study may provide information that may be used by Jinja city council to improve its local revenue administration approaches. The study will identify the forms of local revenue that need to be focused on by Jinja city in eastern Uganda, findings may be used by management and staff of Jinja city in eastern Uganda for policy and planning, especially in the revenue department. This may support the effectiveness of revenue administration to implement well-informed policies while considering its financial performance and raises sufficient revenues to fund infrastructural development and basic service provision which is crucial for the authority. The study may be of great significance to revenue stakeholders in the public sector, more so in examining the revenue administration strategies and the financial performance for public entities.

### **1.6 Scope of the Study**

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

#### **1.6.1 Content Scope**

The study aimed at establishing the effect of Revenue administration strategies on the financial performance of Jinja City. The researcher conceptualized revenue strategies based on the electronic collection of local revenue, voluntary compliance, and direct field revenue collection by revenue officers and the way it affects the financial performance of the authority. The study was centered on this topic because of the revenue performance shortfall against the set targets of Jinja City in Eastern Uganda

#### **1.6.2 Geographical Scope.**

This study was conducted in Jinja City in Eastern Uganda. The study was chosen because the same revenue administration strategies are being implemented in the mentioned geographical scope.

### 1.6.3 Time Scope.

The study documented and reviewed literature about the effect of revenue administration strategies on the financial performance from the financial years of 2023 to date .it was considered a benchmark since it is the period in which poor financial performance was recorded.

### 1.6.4 Conceptual Framework

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

#### Independent variable

##### Revenue administrative strategies

- Electronic collection of local revenue
- Voluntary compliance
- Direct field revenue collection

#### Dependent variable

##### Financial performance

- Financial accountability
- Service delivery
- Improved infrastructure
- Access to quality education and health



**Figure 1. 1: Conceptual Framework**

*Source: Adopted from relevant literature on revenue administration and financial performance*

## **1.7 Key Terms and Definitions**

### **1.7.1 Revenue Administration Strategies**

Revenue administration strategies refer to the policies, methods, and practices employed by a government or local authority to collect, manage, and enhance revenue. In the context of Jinja City Council, this includes techniques such as electronic revenue collection, voluntary compliance promotion, and direct field revenue collection (Musgrave & Musgrave, 1989; Bird & Zolt, 2003).

### **1.7.2 Electronic Collection of Local Revenue**

This is the use of digital systems, platforms, or online tools to collect local government taxes, fees, or levies. It enhances efficiency, reduces leakages, and increases transparency in revenue collection (Kimenyi & Datta, 2010).

### **1.7.3 Voluntary Compliance**

Voluntary compliance refers to the willingness of taxpayers to honestly and timely pay taxes without enforcement pressure. It is influenced by taxpayer education, trust in governance, and the perceived fairness of tax administration (Alm et al., 1992).

### **1.7.4 Direct Field Revenue Collection**

This involves physically sending revenue officers to collect fees, taxes, or levies directly from individuals, businesses, or institutions in the field. It ensures coverage of taxpayers who may not comply through indirect channels (OECD, 2016).

### **1.7.5 Financial Performance**

Financial performance is the measure of a local government's ability to generate, manage, and utilize revenue effectively to meet its operational and developmental objectives. It can be assessed through revenue growth, budget utilization, and service delivery outcomes (Atrill, 2015).

### **1.7.6 Revenue Growth**

Revenue growth refers to the increase in the total revenue collected over a specific period. It indicates the effectiveness of revenue administration strategies in mobilizing resources (World Bank, 2019).

### **1.7.7 Budget Utilization**

Budget utilization is the extent to which allocated financial resources are effectively used for planned activities and projects within the fiscal period (Lemieux, 2011).

### **1.7.8 Service Delivery**

Service delivery refers to the provision of public services, such as health, education, infrastructure, and sanitation, to citizens, which depends on the local government's financial performance (UNDP, 2009).

### **1.7.9 Financial Performance**

Performance can be evaluated objectively or subjectively (Robinson, 1983). In most cases, objective measurements are based on financial data, such as financial performance as is the case of revenue collecting organization/authority such as Cities in Eastern Uganda (Acur & Englyst, 2006).

## **1.9 Revenue administration strategies**

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

### **1.9.1 Electronic revenue collection**

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

### **1.9.2 Voluntary Revenue Compliance**

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

### **1.9.3 Direct field revenue collection**

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

#### **1.9.4 Budget performance**

This reflects how effectively the city meets its budget targets

#### **1.9.5 Service delivery**

This connects financial performance to real world outcomes for citizens

#### **1.9.6 Financial accountability**

This measures how responsibly and transparently the city manages its finances

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

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

#### **2.2 Electronic Collection of Local Revenue and Financial Performance**

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

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

Wamathu (2013) studies the financial performance of Kenyan audit firms in light of electronic taxes. The study used an online survey to acquire a sample size of 142 persons, which was then analyzed using simple percentages, ANOVA, a pie chart, and a histogram. The data exposed that from the commencement of I-tax, there was prompt filing of returns, there has been a reduction in audit period owing to the introduction of I-tax, and responses were relatively educated, system failure when login was reduced, and I-tax was user manual pleasant, I-tax system was more dependable, and that I-tax was not user friendly, I-tax system was cost effective, and respondents

were aware that I-tax system was digital cash register and the study recommended that the Kenya Revenue Authority invest in technology to prevent system failure, as the study found that system failure hampers the system logins and dismays the use of digital systems. Wamathu (2013), on the other hand, employed ANOVA to investigate the impact of E-taxation on the financial performance of audit companies in Kenya. The current study employed regression analysis to investigate the impact of electronic revenue collection on Jinja City in Eastern Uganda's financial performance.

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

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

Sani and Sani (2020) evaluated the impact of an e-tax system on the performance of revenue collection in Kebbi state. The study discovered a considerable favourable influence on the computerized tax system on the efficiency of revenue collection in Kebbi state. Specifically, the study concluded that during the study period, online tax filing, online tax registration, and online

tax payment had a considerable favorable influence on revenue collection efficiency in Kebbi state (Sani & Sani, 2020). The prior study, however, was piloted in Kebbi state, however the present study would be piloted in Uganda in Jinja City in Eastern Uganda. The current study, on the other hand, looked at whether electronic revenue collection has a substantial impact on Jinja City in Eastern Uganda's financial performance.

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

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

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

### **2.3 Voluntary Tax compliance and financial performance**

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

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

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

Twesige and Gasheja (2019) studied the effect of voluntary tax compliance on revenue performance of the Rwanda Revenue Authority. The study employed both quantitative and qualitative methodologies, with a goal of 49000 SMEs from diverse sectors in Rwanda's Nyarugenge area. The study's sample consisted of 136 SMEs found by purposive and simple

random sampling. For data analysis, descriptive statistics and multiple regression were employed. The study found a positive and significant effect of voluntary tax compliance on revenue performance of the Rwanda Revenue Authority (Twesige & Gasheja, 2019). The current study used multiple regression analysis to establish the effect of voluntary tax compliance on financial performance of Jinja City in Eastern Uganda.

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

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

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

## **2.4 Direct field Revenue Collection on Financial Performance**

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

Booze, Allen, and Hamilton (2011) looked into the impact of field revenue collecting on revenue performance in Washington, DC. This study included a total of sixty-three factories out of a total of sixty-five. Primary data was gathered from production managers who wanted to know how field revenue collecting affected revenue performance. According to the report, adopting a

field revenue collecting method has a beneficial influence on revenue performance in developed countries. The study advised that the authenticity of the source and the receipt exchange not be disputed, and that both the sender and the recipient receive an authorisation if the receipt is successfully supplied or if it fails (Booze et al., 2011). However, the above scholars did not indicate how the positive effect/impact was examined, thus the current study employed regression analysis to study the effect of direct field revenue collection on the financial performance of Jinja City in Eastern Uganda.

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

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

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

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

## **2.7 Literature Gap**

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

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

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

#### **3.2 Research Design**

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

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

### **3.3 Study Population**

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

### **3.4 Sample Size**

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

### **3.5 Sampling Procedure**

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

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

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

**Source: Cities in Eastern Uganda (2017)**

### **3.6 Data Collection Methods**

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

#### **3.6.1 Questionnaire Survey Method**

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

### **3.6.2 Interview Method**

The interview method is ideal for gathering in-depth information about people's opinions, beliefs, experiences, and feelings. This strategy is appropriate when the research topic under inquiry is associated with issues that necessitate complicated questions and extensive probing (Easwaramoorthy & Zarinpoush, 2006). This strategy was useful in gathering more detailed information from important informants such as directors and deputy directors of the selected directorates for this study.

### **3.7 Data collection instruments**

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

#### **3.7.1 Questionnaire**

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

#### **3.7.2 Interview guide**

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

### **3.8 Validity and Reliability**

#### **3.8.1 Reliability of the Instruments**

Reliability refers to the consistency, dependability, and trustworthiness of a questionnaire, process, measurement, or product to perform its intended function or deliver consistent results over time

and under varying conditions. It is a key quality or characteristic that is highly desirable in various contexts (Sürücü & Maslakci, 2020). The instrument was tested for reliability through carrying out a pre-test or pilot study.

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

### 3.8.2 Validity of the Instrument

Validity is concerned with the idea that the research design adequately covers the research questions and objectives that the researcher is attempting to answer and achieve. The questionnaire

and interview guide were given to an expert for his/her opinion on the instrument's adequacy and representativeness to verify that it covers all of the variables being measured and to remove invalid items from the instrument. A content and criterion validity test was performed to ensure that the tool utilized is representative and captures relationships between variables, as well as a concept measure (Saunders et al., 2012). The researcher computed the Content validity index (CVI) to determine the validity of the instrument (Guraya, et al., 2025). This was calculated as follows;

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

Total Number of items in the Instrument

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

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

5

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

### **3.9 Data Analysis**

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

#### **3.9.1 Quantitative Data Analysis**

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

#### **3.9.2 Qualitative Data Analysis**

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

### **3.10 Ethical Consideration**

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

## CHAPTER FOUR

### PRESENTATION, ANALYSIS, AND INTERPRETATION OF FINDINGS

#### 4.0 Introduction

This chapter presents the findings obtained from the study conducted on the relationship between revenue administration strategies and the financial performance of Jinja City in Eastern Uganda.

#### 4.2 Demographic Characteristics of Respondents

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

**Table 4.2: Findings on Demographic Characteristics of Respondents**

<b>Demographic Characteristics</b>		
<b>Gender</b>	<b>Frequency</b>	<b>Percentage</b>
Male	15	22.1
Female	53	77.9
Total	68	100.0
<b>Position held</b>	<b>Frequency</b>	<b>Percentage</b>
Manager	1	1.5
Supervisor	13	19.1
Officer	54	79.4
Total	68	100.0
<b>Age group</b>	<b>Frequency</b>	<b>Percentage</b>
20-30years	22	32.4
31-40years	30	44.1
41-50years	16	23.5
Total	68	100.0
<b>Level of education</b>	<b>Frequency</b>	<b>Percentage</b>
Certificate	1	1.5
Bachelor	32	47.1
Postgraduate	23	33.8
Master's Degree	12	17.6
Total	68	100.0

<b>Period worked at Jinja City in Eastern Uganda</b>	<b>Frequency</b>	<b>Percentage</b>
Less than 1 year	11	16.2
1-5 years	23	33.8
6-10 years	33	48.5
Above 10 years	1	1.5
<b>Total</b>	<b>68</b>	<b>100.0</b>

**Source: Primary data, 2025**

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

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

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

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

In relation with the period worked at Jinja City, the study found that majority of the respondents (48.5%) had worked for a period between 6 to 10 years, followed by 33.8% of the respondents who had worked for a period between 1 to 5 years, and the smallest proportion of respondents (1.5%) had worked above 10 years. The majority of respondents having worked for a period between 6 to 10 years suggests that this group may have a deeper understanding of the study subject matters, potentially influencing their perspectives and responses.

### **4.3 Descriptive Findings on the Study Variables**

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

#### **4.3.1 Descriptive Statistics on Electronic Collection of Local Revenue in Jinja City in Eastern Uganda**

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

The findings are presented in table 4.3.

**Table 4.3: Descriptive Statistics on Electronic Collection of Local Revenue in Jinja City in Eastern Uganda**

<b>Statements</b>	<b>SD</b>	<b>D</b>	<b>NS</b>	<b>A</b>	<b>SA</b>
	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>
The clients use mobile money when paying their taxes	22.1	19.1	5.9	17.6	35.3
There is use of online banking when clearing taxes by clients	5.9	7.4	8.8	19.1	58.8
The clients clear their taxes through paying directly in the bank			1.5	17.6	80.9
The clients use Pay way machines when paying their tax dues to Jinja City in Eastern Uganda	1.5	7.4	2.9	26.5	61.8
The clients pay their dues using e-city Application	7.4	10.3	8.8	11.8	61.8

**Source: Primary data (2025)**

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

The findings from the study indicate that clients of Jinja city clear their taxes through paying directly in the bank as supported by majority of the respondents (mean=4.79, Std. dev=0.442). The findings may imply that there is improved revenue collection compliance since taxes pay their tax dues in the bank. The findings reveal that most of the tax payers use Pay way machines when paying their tax dues to Jinja City in Eastern Uganda as agreed by the biggest proportion of

respondents in the study (88.3%). This may imply that it is easy for payment and clearance of revenues by clients since they use pay-way electronic method which may improve on revenue collections.

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

#### 4.3.2 Descriptive Statistics on Voluntary Tax Compliance in Jinja City in Eastern Uganda

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

**Table 4.4: Descriptive Statistics on Voluntary Tax Compliance in Jinja City in Eastern Uganda**

<b>Statements</b>	<b>SD</b>	<b>D</b>	<b>NS</b>	<b>A</b>	<b>SA</b>
	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>
Clients pay the renewal of their licenses without being forced	8.8	29.4	19.1	41.2	1.5
Clients clear their tax dues in time without being Forced	11.8	45.6	19.1	22.1	1.5
The clients comply to the new taxes added by Jinja City in Eastern Uganda	11.8	27.9	26.5	32.4	1.5
There is no tax avoidance by tax payers in Jinja	33.8	47.1	8.8	8.8	1.5
The clients do not evade from paying taxes	30.9	51.5	10.3	4.4	2.9

**Source: Primary data (2025)**

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

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

#### **4.3.3 Descriptive Statistics on Direct Field Revenue Collection**

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

**Table 4.5: Descriptive Statistics on Direct Field Revenue Collection in Jinja City in Eastern Uganda**

Statements	SD (%)	D (%)	NS (%)	A (%)	SA (%)
There is manual revenue collection by the field officers of Jinja city	72.1	11.8	1.5	7.4	7.4
The field enforcement is conducted to enable clients pay their tax dues	2.9	5.9	4.4	39.7	47.1
The officers move through the field to ensure that non-compliant tax payers become compliant		2.9		45.6	51.5
Jinja City in Eastern Uganda uses its officers to collect market tax dues manually	44.1	17.6	7.4	11.8	19.1
The road parking fees are collected manually by the field officers	63.2	13.2	4.4	11.8	7.4

**Source: Primary data (2025)**

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

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

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

**Table 4.6: Descriptive statistics of financial accountability on financial performance of Jinja city**

<b>Sub-dimension</b>	<b>Statement</b>	<b>mean</b>	<b>SD</b>
<b>Financial planning</b>	Financial planning is always used to ensure availability of funds	3.711	1.099
	Financial planning in Jinja city has improved quality of infrastructures constructed	3.381	1.342
	Economy in the use of funds has been achieved due to effective financial planning	3.247	1.146
	Financial planning is vital for ensuring efficiency of resources in Jinja District	3.237	1.345
	Financial planning helps municipal administrators to set financial targets	3.134	1.264
	Improved health service provision due to effectiveness in financial planning	2.990	1.246
	<b>Average</b>	<b>3.284</b>	<b>1.240</b>
<b>Financial reporting</b>	Clear financial statements are always made to facilitate reporting	3.856	0.957
	A financial reporting system exists in the municipal council	3.753	1.155
	Financial reports prove use of allocated resources for economic activities	3.598	1.115
	Financial reporting is key for future budget allocations	3.598	1.115
	Treasury adheres to quality financial reporting, enhancing timeliness and quality of services	3.402	0.943
	Financial reporting has improved quality service delivery	3.330	1.179
	<b>Average</b>	<b>3.589</b>	<b>1.063</b>

<b>Budgetary control</b>	Budget is derived incrementally from previous budgets	3.763	1.107
	Bottom-up participation drives the budget, improving allocations and service delivery	3.701	1.226
	Budgetary control achieves economy in resource use	3.402	1.196
	Budgetary control ensures efficiency in fund utilization	3.381	1.326
	Restricted access to budget systems has improved service quality	3.371	1.158
	Budget committee is effective against risks and not overloaded	3.299	1.110
	<b>Average</b>	<b>3.486</b>	<b>1.187</b>

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**Source: Field Data, 2024**

Financial planning, with an average mean of 3.284 and a standard deviation of 1.240, shows moderate agreement among respondents that the district engages in structured financial planning practices. Specifically, respondents strongly agreed that financial planning ensures the availability of funds (mean = 3.711), indicating that forward-looking fiscal strategies are a priority.

However, there is slightly lower agreement on whether such planning has led to improved health service delivery (mean = 2.990), suggesting that while planning exists, its practical impact on specific service areas like healthcare may be limited or not yet fully realized. The relatively high standard deviations (e.g., 1.342, 1.345) reflect considerable variability in responses, implying that the experience or awareness of financial planning's benefits may differ among departments or stakeholders.

In the domain of financial reporting, the average mean score is higher at 3.589 with a relatively lower standard deviation of 1.063, which implies a stronger and more consistent agreement among participants about the importance and regularity of financial reporting practices in the district. The highest score under this domain (mean = 3.856) was recorded for the statement that clear financial statements are always made to facilitate reporting. This suggests a commendable level of transparency and accountability in communicating financial operations. The consistency in responses (with standard deviations mostly below 1.2) demonstrates a shared perception across the board that

proper financial reporting mechanisms exist and contribute significantly to budget formulation and quality service delivery.

Budgetary control, averaging 3.486 with a standard deviation of 1.187, reflects a moderate to strong consensus that budget processes in Jinja city council are both participatory and regulatory in nature. The highest-rated statement in this section was that the budget is derived incrementally from previous budgets (mean = 3.763), showing that historical financial data is a basis for current budget formulation. Additionally, there is a strong indication that participatory budgeting particularly bottom-up approaches is enhancing service delivery effectiveness (mean = 3.701). However, the effectiveness of budget committees (mean = 3.299) and the restriction of access to budget systems (mean = 3.371) scored slightly lower, revealing some areas that may require improvement, especially in risk mitigation and internal control mechanisms.

**Table 4.7: Descriptive statistics of service delivery on financial performance of Jinja city**

<b>Statement</b>	<b>Mean</b>	<b>Std. Dev</b>
There is proper coordination and communication among staff for better service delivery	3.753	1.173
Municipal facilities meet the needs of the public	3.680	1.095
There is always proper disposal of waste products from the city council divisions	3.598	1.212
Service delivery is indicated by quality of schools, roads, and water sources	3.330	1.255
Readily available utilities are supplied timely to people in Jinja city	3.227	1.104
There is always enough staff to attend to people at the city offices	3.227	1.195
<b>Average</b>	<b>3.469</b>	<b>1.226</b>

**Source: Field Data, 2024**

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The descriptive statistics presented above offer critical insights into the perception of service delivery within Jinja city. The findings show moderately strong agreement from respondents regarding several key dimensions of service delivery, such as coordination, facilities, waste management, education, public utilities, and human resource capacity.

The overall average mean of 3.469 and a standard deviation of 1.226 suggest that while service delivery is generally rated positively, there is some variability in perceptions across different service aspects.

The highest mean score (3.753) was recorded for the statement that there is proper coordination and communication among staff to ensure better service delivery. This high level of agreement implies that internal administrative communication is relatively effective and has likely contributed to smoother service operations and citizen satisfaction. Effective coordination among departments can lead to faster response times, better planning, and efficient execution of service mandates.

Following closely is the agreement that municipal facilities meet the needs of the public (mean = 3.680), suggesting that physical infrastructure and public assets like community halls, sanitation points, and administrative centres are largely perceived as functional and accessible. While the standard deviation was not indicated for this item, the high mean score still reflects a broadly positive perception of facility adequacy.

The proper disposal of waste products from city divisions also received a strong mean score of 3.598 with a standard deviation of 1.212, indicating that sanitation services in Jinja city are relatively well-managed. Clean and healthy environments are critical to public service delivery. The moderate standard deviation reflects slight variation in satisfaction, possibly due to differences in service effectiveness across various divisions or zones.

When it comes to quality indicators like schools, roads, and water sources, respondents expressed moderate satisfaction (mean = 3.330, standard deviation = 1.255), suggesting that while improvements are visible, these services still face challenges in terms of quality and consistency. The relatively higher standard deviation may imply disparities in access or quality across different parts of the city, which aligns with ongoing national discussions about service inequality between urban and rural areas.

Two items availability of utilities and staffing at city offices recorded the lowest mean scores (both 3.227). These lower ratings suggest concerns about delays in utility service provision and shortages in frontline personnel to serve the public effectively. Although the staffing statement has a relatively moderate standard deviation (1.195), the concern about inadequate staff points to issues such as long waiting lines, slow service, and possible understaffing in critical administrative units. Similarly, insufficient or untimely provision of utilities like water, electricity, and sanitation services could negatively affect public trust and service reliability.

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1. Introduction**

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

#### **5.2 Summary of Findings**

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

##### **5.2.1 The Effect of Electronic Collection of Local Revenue on Financial Performance of Jinja City**

The first objective of the study was to examine the effect of electronic collection of local revenue on financial performance of Jinja city. The findings reveal at 5% significance level that electronic revenue collection had a significant positive effect on financial performance of Jinja City.

This resulted into the rejection of the null hypothesis in support of the alternative hypothesis that “electronic collection of local revenue has a significant effect on financial performance of Jinja city in eastern Uganda.” This implies that an increase in electronic collection of local revenue significantly increases on the revenue collection, thus increase in financial performance of Jinja city in eastern Uganda.

##### **5.2.2 The Effect of Voluntary Compliance on Financial Performance of Jinja city in Eastern Uganda**

The second objective of the study was to examine the effect of voluntary compliance on financial performance of Jinja City. It was found that voluntary revenue compliance had a positive and significant effect on financial performance of Jinja city. This resulted into the rejection of the null

hypothesis in support of the alternative that “voluntary compliance has a significant effect on financial performance Jinja City in Eastern Uganda This implies that as tax payers become more compliant in paying, taxes increases on the revenue collected in Jinja City.

### **5.2.3 The Effect of Direct Field Revenue Collection on Financial Performance of Jinja City in Eastern Uganda**

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

## **5.3 Discussion of Findings**

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

### **5.3.1 Electronic Collection of Local Revenue and Financial Performance of Jinja City.**

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

The observations from the study indicated that there is use of online banking when clearing taxes by clients of Jinja city. The findings are consistent with that of Wamathu (2013), in his study, Kenya Revenue Authority uses online banking when clearing taxes by clients. Findings revealed that in Jinja city, clients clear their taxes through paying directly in the bank. The findings are also

in agreement with the findings of Ayodeji (2014), in his study, Nigeria that there was clearance of taxes by clients through paying directly in the bank which increased on the compliance.

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

### **5.3.2 The Effect of Voluntary Compliance on Financial Performance of Jinja City in Eastern Uganda**

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

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

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

### **5.3.3 The Effect of Direct Field Revenue Collection on Financial Performance of Jinja City in Eastern Uganda**

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

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

### **5.4. Conclusions**

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

## **5.5 Recommendations**

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

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

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

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

There is a need for more sensitization among taxpayers on mobile money use when paying taxes. Jinja City should continue encouraging taxpayers to pay through banks since this would continue to raise revenue through an electronic system.

There should be an awareness campaign by Jinja City in Eastern Uganda to encourage clients to renew their licenses without being forced.

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

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

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

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

## **5.6 Areas for further study**

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

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## APPENDICES

### APPENDIX I: QUESTIONNAIRE FOR RESPONDENTS

Dear Respondent

I am **Christine Mutesi**, pursuing a Bachelors Degree of Business Administration from Uganda Christian University. As a partial requirement for this award, I am undertaking a study on the topic, “Effect of Revenue Administration Strategies on the Financial Performance of Cities in Eastern Uganda”. As an employee in Cities in eastern Uganda, where this study is being undertaken, please feel at ease to respond to the questions within this questionnaire. Note that none of the responses is wrong, but instead, provide what you feel is the most applicable response. Please tick the level to which you agree with the given statements. The answers provided will be exclusively used for this study purpose, and will be treated with the highest level of utmost confidentiality and anonymity.

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

1. Position held

(a) Manager

(b) Supervisor

(c) Office

2. Gender (a) Male  (b)Female

3. Age

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

4. Level of Education (highest attained)

Post graduate  Bachelor Degree  Diploma  Post Graduate Professional   
Certificate

5. Number of years of service at of cities in eastern

Uganda?

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

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

<b>Response assertion</b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Not sure</b>	<b>Agree</b>	<b>Strongly Agree</b>
<b>Rate score</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>

**Section B: Electronic collection of local revenue by Jinja City in Eastern Uganda**

The following statements are to assess the electronic collection of local revenue in Jinja City in Eastern Uganda.

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

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

**Section C: Direct field revenue collection by Jinja City in Eastern Uganda**

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

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

**Section D: Voluntary Compliance**

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

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

**Section E: Financial Performance of Jinja City.**

The following statements are to examine the extent of financial performance of Jinja City in Eastern Uganda.

Please respond to the way you agree with the given statements

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

## **APPENDIX II: INTERVIEW GUIDE FOR TOP ADMINISTRATORS**

### **Dear respondent**

I am **Christine Mutesi**, pursuing a Bachelors Degree of Business Administration from Uganda Christian University. As a partial requirement for this award, I am undertaking a study on the topic, “Effect of Revenue Administration Strategies on the Financial Performance of Cities in Eastern Uganda”. As a top administrator in Jinja city, where this study is being undertaken, please feel at ease to respond to the questions in this interview.

### **Questions**

1. Are you directly involved in revenue administration and collection, and what is the average local revenue collected by Jinja City?
2. What are the various forms of local revenue collected by Jinja City?
3. How does electronic collection of local revenue influence revenue performance of Jinja City?
4. How does Voluntary compliance influence revenue performance of Jinja City in Uganda?
5. What is the effect of direct field revenue collection by Revenue Officers on financial performance of Jinja City in Eastern Uganda?

**Thank you**



UGANDA CHRISTIAN  
UNIVERSITY  
A Centre of Excellence in the Heart of Africa  
MBAFF UNIVERSITY COLLEGE.

Office of Academic Registrar

To THE TOWN CLERK  
JINJA CITY



*Handwritten initials*

Dear Sir/ Madam,

Re: Academic Research

Christian greetings!

We are honored to introduce to you Mr. Mrs./Miss MUTESI CHRISTINE  
Of Registration Number; S22/MUC/BBA/019 ..... pursuing a Masters'  
Degree/Postgraduate Diploma / Bachelor's Degree  
BACHELOR'S DEGREE IN BA

He/ she is required to carry out an academic research on the topic  
Revenue administration strategies and  
financial performance of Jinja city council.  
and thereafter produce a well bound hard cover research report (MAROON) in color for undergraduate  
and three (BLACK) copies for Postgraduate students as a University requirement for the award of a  
degree/diploma in the academic discipline that he / she is pursuing.

We shall be grateful for the help you offer to him or her accordingly.

Thank you.

Yours faithfully,

*Handwritten signature of Timothy Akampurira*



Timothy Akampurira  
Academic Registrar