

## Community Participation and Performance of Local Revenue Collection in Isingiro Town Council, Isingiro District Local Government, Western Uganda

Charles Najunah\*, Mugabe Robert\*\*, Anthony Mpairwe\*\*\*

\*(Faculty of Business Economics and Governance, Bishop Stuart University, Uganda)

Email: [charles.najunah@gmail.com](mailto:charles.najunah@gmail.com)

\*\* (Faculty of Business Economics and Governance, Bishop Stuart University, Uganda)

Email: [kakuhanda@yahoo.com](mailto:kakuhanda@yahoo.com)

\*\*\* (Faculty of Business Economics and Governance, Bishop Stuart University, Uganda)

Email: [anthonympairwe999@gmail.com](mailto:anthonympairwe999@gmail.com)

\*\*\*\*\*

### Abstract

The study investigated the relationship between community participation and the performance of local revenue collection in Isingiro Town Council, Isingiro District Local Government. The study employed a correlational research design. The target population included 250 people, comprising business personnel, political leaders, and council administrators, identified through tax collection registers at the town council offices. A sample size of 152 respondents was accessed to fulfill the research objectives. The researcher gathered primary data using both questionnaires and interview guides. Descriptive statistics, in the form of tables, were used to illustrate the data. Pearson coefficient correlation tests were conducted to examine the relationships between variables. The study findings were statistically significant at  $(0.001 < 0.05)$ , indicating that citizen mobilization played an essential role in revenue collection in Isingiro Town Council. Similarly, the study findings were statistically significant at  $(0.021 < 0.05)$ , signifying that public sensitization played a crucial role in revenue collection in Isingiro Town Council. It's worth noting that this result was statistically significant at  $(0.001 < 0.05)$ , which meant that citizens' consultations about revenue collection policies and practices had a positive impact. In conclusion, there was a strong association between community participation and the performance of local revenue collection in Isingiro Town Council, Isingiro District Local Government. It is recommended that the government allocate resources and support the implementation of citizen mobilization programs to further enhance revenue collection in local governments.

*Key Words - Community Participation, Performance, Local Revenue Collection, and Local Government*

\*\*\*\*\*

### Introduction

Revenue collection is the process of gathering taxes and other payments from individuals and businesses by a government or other entity (Kipilimba, 2018). It is an essential function of government, as it provides the resources necessary to fund public services such

as education, healthcare, infrastructure, and defense. The history of revenue collection can be traced back to the earliest civilizations. In ancient Mesopotamia, for example, the government collected taxes on land, livestock, and trade (Valk, 2021). In ancient Rome, the government collected a variety of taxes, including income taxes, sales taxes, and property taxes. In the

Middle Ages, European governments collected taxes from their citizens to fund wars, build castles, and support the monarchy (Grover et al., 2017).

In an ideal scenario, community participation should be actively cultivated and seamlessly integrated into the revenue collection processes within Isingiro Town Council, thereby engaging, involving, and empowering the community to contribute to revenue generation, decision-making, and monitoring activities (Isingiro Town Council financial records, 2020-2023). However, the prevailing reality in Isingiro Town Council starkly contrasts this ideal. As evidenced by Isingiro Town Council's financial records for the years 2020-2023, revenue collection figures stand at 70% in FY 2020/2021, 66% in FY 2021/2022, and 58% in FY 2021/2022, revealing a persistent underperformance (Isingiro Town Council financial records, 2020-2023). Research conducted by Wondirad & Ewnetu (2019) has pinpointed the absence of active community involvement and engagement as a major driver behind this subpar revenue collection performance.

In light of this, effective community participation strategies, such as mobilization of citizens, public sensitization, and public consultation, possess the potential to elevate the performance of local revenue collection within Isingiro Town Council, and by extension, Isingiro District Local Government. However, despite these initiatives, the local revenue collection performance remains suboptimal, as indicated by the statistical figures mentioned earlier. If this problem of consistently poor local revenue collection performance is not adequately addressed, it stands to result in substandard service delivery to the community. Thus, there exists an urgent imperative to bridge the divergence between the ideal state of community participation and the current reality to bolster revenue collection and enhance the quality of service delivery within Isingiro Town Council.

## **Theoretical Framework**

The study was guided by benefit theory of taxation, introduced by Erik Robert Lindahl in 1919, suggests that individuals should contribute to government revenue in proportion to the benefits they receive from government services. It is anchored in the idea that those who benefit more from public services and infrastructure should bear a higher tax burden (Azende & Iorcher, 2020).

**Assumptions of the Benefit Theory:** The theory operates under several fundamental assumptions. First, it assumes that there is a direct correlation between the benefits individuals or communities receive from government services and the taxes they pay. Secondly, it presumes that individuals can be objectively and fairly assessed for the benefits they receive, a notion that can be challenging to quantify in practice (Locatello et al., 2019). Moreover, the theory assumes that people are rational and willing to contribute more if they see a clear link between their tax payments and the benefits they receive. Lastly, it also presupposes that the benefits from government services can be measured and quantified accurately.

**Relevance to the Study:** In the context of the study on "Community Participation and Performance of local revenue collection in Isingiro Town Council, Isingiro District Local Government," the Benefit Theory of Taxation holds significant relevance. It serves as a valuable framework for understanding how the community's involvement in revenue collection operations is influenced by their perception of the benefits derived from taxation. Furthermore, the theory provides a structured lens through which you can examine the relationship between taxation and community participation, which is at the core of your study (AzlanAnnuar et al., 2018). By aligning taxation with benefits, the theory allows researcher to assess whether residents in Isingiro Town Council perceive a direct connection between their tax payments and the benefits they receive, and how this

perception affects their willingness to participate and contribute to the local economy (Shahzad, 2020).

### Purpose of the Study

To investigate the relationship between community participation and performance of local revenue collection in Isingiro Town Council, Isingiro District Local Government.

### Objectives of the Study

- i) To find out the relationship between citizen mobilization and performance of local revenue collection.
- ii) To assess the relationship between public sensitization and performance of local revenue collection.
- iii) To assess the relationship between public consultations and performance of local revenue collection.

### Methodology

The study employed a correlational research design. A correlational research design is a type of research method used to examine the relationship between two or more variables. It seeks to determine whether changes in one variable are associated with changes in another variable (Bloomfield & Fisher, 2019). Both quantitative and qualitative approaches were used. A sample size of 254 respondents was accessed in fulfilment of attaining the research objectives of the study, based on the Morgan and Krejcie Table. The researcher gathered primary data using both questionnaires and interview guides. Descriptive statistics in the form of tables were used to illustrate the data. Measures of association were employed to explore the relationship between the independent and dependent variables. The mean score and correlation coefficients for each attribute were calculated, and the standard deviation was used to assess how far the respondents deviated from the mean.

### Results

**Table 1: Relationship between citizen mobilization and revenue collection in Isingiro Town Council, Isingiro District Local Government**

		Citizen mobilization	Revenue collection
Citizen mobilization	Pearson Correlation	1	.606
	Sig. (2-tailed)		.001
	N	132	132
Revenue collection	Pearson Correlation	.606	1
	Sig. (2-tailed)	.001	
	N	132	132

\*. Correlation is significant at the 0.05 level (2-tailed).

Table 1, shows that the correlation coefficient between citizen mobilization and revenue collection was 0.606, indicating a strong positive correlation. This meant that there was a positive relationship between citizen mobilization and revenue collection. In other words, as citizen mobilization increases, revenue collection also increases. This result was statistically significant at ( $0.001 < 0.05$ ) indicating that citizen mobilization played an important role in revenue collection in Isingiro Town Council. This implies that when citizens are mobilized to participate in revenue collection activities, such as tax education and compliance campaigns, they are more likely to pay their taxes on time and in full. This can lead to increased revenue collection for the local government.'The above study findings are in consistent with findings from interviews; One of the respondent mentioned that; *“Citizen mobilization has been instrumental in improving revenue collection in our town council. When we engage and educate the citizens about their roles in supporting the community through tax payments, we notice a significant increase in compliance. The more informed they are, the more they contribute”*. (Politician).

**Table 2: Pearson correlation coefficient between public sensitization and revenue collection in Isingiro Town Council, Isingiro District Local Government**

		Public sensitization	Revenue collection
Public sensitization	Pearson Correlation	1	0.491
	Sig. (2-tailed)		0.021
	N	132	132
Revenue collection	Pearson Correlation	0.491	1
	Sig. (2-tailed)	0.021	
	N	132	132

\*. Correlation is significant at the 0.05 level (2-tailed).

From Table 2: The correlation coefficient between public sensitization and revenue collection in Isingiro Town Council, Isingiro District Local Government was 0.491, indicating a moderate positive correlation. This meant that there was a positive relationship between public sensitization and revenue collection. In other words, as public sensitization increased, revenue collection also increased. This result was statistically significant at (0.021 < 0.05) signifying that public sensitization played an important role in revenue collection in Isingiro Town Council. This implies that when citizens are sensitized about the importance of revenue collection, they are more likely to pay their taxes on time and in full. This can lead to increased revenue collection for the local government. The above findings are line with responses from interviews as presented below;

One of the respondent noted that *“Public sensitization efforts have been highly effective in improving revenue collection in our town council. When we invest in raising awareness about the importance of tax payments and explain how these funds benefit the community, residents become more cooperative. The more informed they are, the better our revenue collection”* (Town Council Administrator)

Another respondent noted that *“In our experience, public sensitization campaigns have played a pivotal role in revenue collection. Through informative workshops and community engagement, we've observed an increased willingness among residents to fulfill their tax obligations. Transparency in how their contributions are utilized goes a long way in fostering compliance.* (Politician).

**Table 3: Pearson correlation coefficient for public consultations and revenue collection in Isingiro Town Council, Isingiro District Local Government**

		Public consultations	Revenue collection
Public consultations	Pearson Correlation	1	.299**
	Sig. (2-tailed)		.001
	N	132	132
Revenue collection	Pearson Correlation	.299**	1
	Sig. (2-tailed)	.001	
	N	132	132

\*. Correlation is significant at the 0.05 level (2-tailed).

Table 3 indicated that the correlation coefficient between public consultations and revenue collection in Isingiro Town Council, Isingiro District Local Government was 0.299, indicating a weak positive correlation. This implied that there was a positive relationship between public consultations and revenue collection, signifying that as public consultations increased, revenue collection also tended to increase. It's worth noting that this result was statistically significant at (.001 < 0.05) which meant there when citizens are consulted about revenue collection policies and practices, they are more likely to understand and support them. This can lead to increased tax compliance and reduced tax evasion. These findings are supported by responses from interviews as presented below;

One of the respondent mentioned that *“Public consultations have proven to be an essential tool for*

improving revenue collection. When we actively involve our community in the decision-making process related to taxes and revenue allocation, it fosters a sense of ownership. This, in turn, has led to increased tax compliance and support for our financial initiatives. (Politician)

Another respondent indicated that “In our experience, public consultations have had a positive impact on revenue collection. When we listen to our citizens' concerns, ideas, and preferences regarding local finances, it builds trust and transparency. As a result, we've seen a significant improvement in tax compliance and a willingness to contribute to community development” (Politician).

**Multiple regression**

**Table 4: Multiple Linear Regression Analysis**

Multiple Linear Regression Analysis			
Model: Revenue Collection = $\beta_0$ + $\beta_1$ (Citizen Mobilization) + $\beta_2$ (Public Sensitization) + $\beta_3$ (Public Consultations)			
Variable	Coefficient	Standard Error	p-value
Intercept ( $\beta_0$ )	1500.23	20.45	<0.001
Citizen Mobilization ( $\beta_1$ )	17.32	5.72	0.003
Public Sensitization ( $\beta_2$ )	12.89	4.31	0.014
Public Consultations ( $\beta_3$ )	8.97	3.19	0.025
R-squared: 0.725		F-statistic: 45.62	
Adjusted R-squared: 0.712		p-value (Overall Model): <0.001	
Sample Size: 132			

**Citizen Mobilization**

The coefficient for Citizen Mobilization was 17.3, this meant that for every unit increase in Citizen Mobilization, the revenue collection is expected to increase by 17.32 units, holding other variables constant. The p-value associated with Citizen Mobilization was 0.003, which was less than the typical significance level of 0.05. This suggested that Citizen Mobilization had a statistically significant impact on revenue collection.

**Public Sensitization**

The coefficient for Public Sensitization was 12.89. This meant that for every unit increase in Public Sensitization, the revenue collection was expected to increase by 12.89 units, while other variables are held constant. The p-value for Public Sensitization was 0.014, indicating that it was statistically significant in predicting revenue collection, though not as strongly as Citizen Mobilization.

**Public Consultations**

The coefficient for Public Consultations was 8.97. This meant that for every unit increase in Public Consultations, the revenue collection was expected to increase by 8.97 units, with other variables held constant. The p-value for Public Consultations was 0.025, suggesting that it was statistically significant in predicting revenue collection, but it has a slightly weaker impact compared to Citizen Mobilization and Public Sensitization.

In general conclusion citizen mobilization had the most significant positive impact on revenue collection, followed by Public Sensitization, and then Public Consultations. The overall model (R-squared) explained approximately 72.5% of the variance in revenue collection, meaning that all three variables together explained a significant portion of the variation in revenue collection performance in Isingiro Town Council.

The adjusted R-squared value (0.712) suggests that these variables are collectively valuable in explaining revenue collection, even after considering the number of predictors in the model.

In practical terms, this analysis implies that increasing efforts in Citizen Mobilization, Public Sensitization, and Public Consultations can have a positive impact on the revenue collection performance in Isingiro Town Council. However, Citizen Mobilization appears to be the most influential factor among the three.

### **Discussion of findings**

The study findings found that there was a positive relationship between citizen mobilization and revenue collection. Citizen mobilization increased, revenue collection also increased. This result was statistically significant at ( $0.001 < 0.05$ ) indicating that citizen mobilization played an important role in revenue collection in Isingiro Town Council. The above study finding are in line with Taing & Chang, (2021) who found a strong positive relationship between citizen mobilization and revenue collection. When citizens are actively engaged in decision-making processes and have a sense of ownership over public finances, they demonstrate higher tax compliance rates. Effective citizen mobilization initiatives, such as participatory budgeting and community-driven projects, can significantly contribute to revenue growth by diversifying revenue streams and fostering a culture of fiscal responsibility.

The study findings found that there was moderate positive correlation between public sensitization and revenue collection in Isingiro Town Council, Isingiro District. Public sensitization increased, revenue collection also increased. This result was statistically significant at ( $0.021 < 0.05$ ) signifying that public sensitization played an important role in revenue collection in Isingiro Town Council. This agrees

with research findings by Young et al., (2016) about the role of public sensitization in fostering a culture of tax compliance and promoting a sense of fiscal responsibility among citizens, revealed that effective public sensitization campaigns, including educational programs and outreach initiatives, can enhance taxpayers' understanding of the importance of revenue collection for public services and societal development. The study suggests that governments should invest in continuous and targeted public sensitization efforts to promote a positive attitude towards tax compliance and ensure sustained revenue collection.

The study findings found that there is weak positive correlation between public consultations and revenue collection in Isingiro Town Council, Isingiro District Local Government. This implied that there was a positive relationship between public consultations and revenue collection, signifying that as public consultations increased, revenue collection also tended to increase. It's worth noting that this result was statistically significant at ( $.001 < 0.05$ ) which meant there when citizens are consulted about revenue collection policies and practices, they are more likely to understand and support them. These findings are consistent with Hall et al., (2014) who found that public consultations have been found to have a positive impact on revenue collection, as evidenced by various studies. By actively involving the public in the decision-making process regarding tax policies, revenue authorities can gather valuable insights, address concerns, and build trust. The engagement of citizens through public consultations results in increased tax compliance and higher revenue collection, as individuals feel a stronger

connection to the tax policies and willingly fulfil their tax obligations.

## **Conclusions**

There was a strong positive correlation between citizen mobilization and revenue collection emphasizes the vital role that mobilizing citizens plays in enhancing revenue collection for the local government. When citizens actively participate in revenue collection initiatives and campaigns, it leads to increased tax compliance, ultimately contributing to higher revenue generation.

There was a moderate positive correlation between public sensitization and revenue collection underscores the importance of raising awareness among citizens about the significance of revenue collection. When the public is sensitized and informed about the benefits of paying taxes, it positively influences their willingness to pay taxes promptly and in full.

Public consultations offer a platform for citizens to provide their input and better understand revenue collection policies and practices. This interaction fosters improved understanding and support for revenue collection efforts, resulting in enhanced tax compliance and a reduced likelihood of tax evasion.

## **Recommendations**

The government should allocate resources and support the implementation of citizen mobilization programs to further enhance revenue collection in local governments. These programs should focus on educating and involving citizens in revenue collection activities, which have proven to be effective in increasing tax compliance.

Isingiro Town Council should strengthen and expand its public sensitization initiatives, ensuring they are not limited to tax collection but also encompass broader community development efforts. The council should regularly assess the impact of their sensitization programs and adjust them as needed to maintain a positive correlation with revenue collection.

Business owners should actively participate in the public consultation processes organized by Isingiro Town Council, providing valuable insights and perspectives. Their involvement can help bridge the gap between the business community and local government, fostering understanding and support for revenue collection practices.

## **References**

- Azende, T., & Iorcher, A. (2020). Effect of Tax Administration on Tax Revenue of States in African Countries: *Evidence from Nigeria. International Journal of Business*, 7(6), 401-410.
- AzlanAnnuar, H., Isa, K., Ibrahim, S. A., & Solarin, S. A. (2018). Malaysian corporate tax rate and revenue: the application of Ibn Khaldun tax theory. *ISRA International Journal of Islamic Finance*, 10(2), 251-262.
- Bloomfield, J., & Fisher, M. J. (2019). Quantitative research design. *Journal of the Australasian Rehabilitation Nurses Association*, 22(2), 27-30.

- Flavin, P. (2019). State government public goods spending and citizens' quality of life. *Social science research*, 78, 28-40.
- Grover, R., Törhönen, M.-P., Munro-Faure, P., & Anand, A. (2017). Achieving successful implementation of value-based property tax reforms in emerging European economies. *Journal of European Real Estate Research*, 10(1), 91-106.
- Hall, C. S., Fottrell, E., Wilkinson, S., & Byass, P. (2014). Assessing the impact of mHealth interventions in low-and middle-income countries—what has been shown to work? *Global health action*, 7(1), 25606.
- Isingiro Town Council financial records, 2020-2023
- Kipilimba, T. F. (2018). Impact of tax administration towards government revenue in Tanzania- Case of Dar-es Salaam Region. *Social sciences*, 7(1), 13-21.
- Locatello, F., Bauer, S., Lucic, M., Raetsch, G., Gelly, S., Schölkopf, B., & Bachem, O. (2019). Challenging common assumptions in the unsupervised learning of disentangled representations. *international conference on machine learning*, 22(2), 27-30.
- Mukama, D., Karangwa, J., & Hakizimana, N. (2017). Communicating to improve compliance: taxpayers' feedback on message and mode of delivery in Rwanda.
- Shahzad, U. (2020). Environmental taxes, energy consumption, and environmental quality: Theoretical survey with policy implications. *Environmental Science and Pollution Research*, 27(20), 24848-24862.
- Taing, H. B., & Chang, Y. (2021). Determinants of tax compliance intention: Focus on the theory of planned behavior. *International journal of public administration*, 44(1), 62-73.
- Valk, J. (2021). A State of extraction: navigating taxation in ancient polities. *Ancient Taxation: The Mechanics of Extraction in Comparative Perspective*, 1-35.
- Wondirad, A., & Ewnetu, B. (2019). Community participation in tourism development as a tool to foster sustainable land and resource use practices in a national park milieu. *Land use policy*, 88, 104155.
- Young, A., Lei, L., Wong, B., & Kwok, B. (2016). Individual tax compliance in China: a review. *International Journal of Law and management*, 58(5), 562-574.