St. Mary's University
School of Graduate Studies
MBA in Accounting and Finance

Determinants of Tax Administration Efficiency in Addis Ababa Revenue Authority: In the Case of Selected Small Taxpayer's Branch Offices

By
Menderin Amanuel

A Thesis Submitted to St. Mary's University in Partial Fulfillment of the Requirements for the Award of Master's Degree in Accounting and Finance

June, 2021

Addis Ababa, Ethiopia

St. Mary's University
School of Graduate Studies
MBA in Accounting and Finance

Determinants of Tax Administration Efficiency in Addis Ababa Revenue Authority: In the Case of Selected Small Taxpayer's Branch Offices

By
Menderin Amanuel

APPROVED BY BOARD OF EXAMINERS

_____   _____
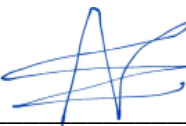
Dean, Graduate Studies   **Signature**

Abraham Gebregiorgis   _____

Advisor   **Signature**

_____   _____

External Examiner   **Signature**

_____   _____

Internal Examiner   **Signature**

STATEMENT OF DECLARATION

I, **Menderin Amanuel**, have carried out a research project on the Determinants of Tax Administration Efficiency in Addis Ababa Revenue Authority, in the Case of Selected Small Taxpayer's Branch Offices independently in partial fulfillment of the requirement for the award of master degree in Accounting and Finance with the guidance and support of the research advisor. I, also declare that this research project is my original work and that all sources of materials used for the research project have been duly acknowledged.

Declared By   **Confirmed By**

Student's Name: **Menderin Amanuel**   Advisor's Name: Abraham Gebregiorgis

Signature :_____   Signature :_____

Date:_____   Date:_____

ACKNOWLEDGMENT

I would like to express my deep gratitude and appreciation to my advisor, who made this work come true, especially for his outstanding professional guidance, advice and patience.

I would also like to thank the experts involved in the validation survey for this research project: without their participation and input, the validation survey could not have been successfully completed.

Finally, I must express my very deep gratitude to my parents for providing me with unfailing support and relentless encouragement after my years of study and through the process of studying and writing this thesis. This accomplishment would not have been viable without them. Thank you.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

ACRONYMS

CTPA: Central for Tax Policy and Administration

ERCA: Ethiopian Revenues and Customs Authority

ICT: Information Communication Technology

OECD: Organization for Economic Co-operation and Development

PLC: Private Limited Company

SPSS: Statistical Package for Social Study

STO: Small Taxpayers Office

ABSTRACT

Taxes are the main revenue for the government and thus the department or agent concerned should ensure they are collected in the right way. The objective of this study was to examine factors that determine tax administration efficiency in Addis Ababa Revenue Authority in the case of selected small taxpayers' branch offices. In this study a quantitative research method was employed and primary data was collected through questionnaire. The study employed cluster random sampling method and selected186 employees working in selected branch offices. The collected data was analyzed using multiple linear regression so as to predict the effects of effect of autonomy, leadership style, employees' training, employees' motivation and ICT on tax administration efficiency. The findings showed that leadership style, employees' training, employees' motivation and ICT have positive and statistically significant effect on tax administration efficiency. The study recommended increasing the qualities and quantities of the training program offered to employees and having recognition and promotion programs that can motivate good performers.

Keywords; *Tax, Efficiency of tax Administration, Addis Ababa Revenue Office***,**

CHAPTER ONE

1. INTRODUCTION

This research seeks to examine the determinants of tax administration efficiency in the case of Addis Ababa Revenue Authority small taxpayer's branch office**.** In this chapter, statement of the problem, research objectives and questions, significance and scope of the study are discussed.

1.1. Background of the Study

The existence of collective consumption of goods and services necessitates putting some of our income into government hands. One mechanism by which countries raise revenue to finance government spending on the goods and services that most of us demand is taxation. The main motivation for taxation is to finance public services (OECD, 2011).

Tax collection is a major source of revenue for governments across the world. This important aspect of taxes, necessitate a proper tax administration system that insures an efficient collection and utilization of tax revenues (Hasseldine and Li, 1999).

According to Bird (2007), tax administration refers to the identification of the taxpayer, assessment of tax payable, collection of taxes and enforcement of tax liability. A proper tax administration process is the one that is effective and efficient. This efficiency and effectiveness in tax administration helps to increase taxpayers' compliance and decrease tax administration costs.

According to Rahman (2009), efficiency in tax administration is a primary determinant of successful revenue generation, implementation of tax policy and maintaining conducive environment for investment. It is argued that the main objective of any tax authority is to collect tax revenue for the government according to the established tax laws and enforce government tax policies that can increase tax compliance and restore taxpayers' confidence in the tax system as well as tax administration. This is a good quality of tax administration, include efficient in the process and ensure high compliance rate in implementing and administering the tax system and tax policies.

Regarding tax administration efficiency, many developing countries face difficulties in maintaining a well-functioning system. Developing countries are characterized by tax structures being not in line with international standards, lack of tax policy management, low compliance levels and inappropriate capacities in tax administration (GIZ, 2010).

In Ethiopia, one of the main objectives of the Ethiopian tax administration is to generate adequate tax revenues to finance ever-increasing public expenditure on poverty alleviation and development projects. This would be achieved through streamlining of the tax system to mobilize tax revenues from national economic growth (Ministry of Finance and Economic Development, 2017). But, as it is true in most developing countries, total tax revenue performance has been relatively poor in the country. According to World Bank countries report in 2020 Tax revenue (% of GDP) in Ethiopia was 7.61% in 2016/2017, 7.52% in 2017/2018, and 6.62% in 2018/2019. Tadesse and Goitom (2014) revealed that the Ethiopian tax performance is extremely low and is even under the averages of some chosen African countries.

Under incompetent tax administration, the potential amount of tax revenue in developing countries has not been collected in a proficient and equitable manner (Edmiston and Bird, 2004). Typically, low-income countries collect taxes of between 10 to 20 percent of GDP, while the average for high-income countries is around 40 percent (Besley and Persson, 2016).

Several factors have been identified as the causes of tax administration inefficiency in developing countries. Ogbonna (2011) argued that lack of trained officials, lack of autonomy, poor record-keeping, lack of accountability and transparency, corruption and poor service quality are some of the factors that cause tax administration inefficiency in a country's tax system. Normally, tax administrations are faced with different issues related to tax collection due to some predominant characteristics in the economy and taxpayers' attitude toward taxation. Often, the tax administration's incapability results in inefficiency.

In summary, a competent tax administration is essential in a country for promoting an efficient tax system. Any tax administration that is not competent and fails to determine the factors that limit its efficiency would no longer be effective. In this regard, the purpose of this study focuses on examining the factors that influence tax administration efficiency by focusing at Addis Ababa Revenue Authority.

1.2. Statement of the Problem

Tax is everything especially for non-fuel-based economy of world countries since it has a decisive role in the economy. Almost all countries of the world use tax as a source of public revenues and as an instrument of fiscal policy. A proper tax system insures the life of citizens in every aspects of social livelihood (Rahman, 2009).

The main role of revenue authorities is to ensure compliance with tax laws. Their efficiency is dependent on a variety of external factors such as the state of the economy, public support for the priorities of the government and the willingness of taxpayers to comply with tax rules (Hasseldine and Li, 1999).

Inefficient tax administration would not provide quality services to the taxpayers, and hence, there will be a high cost of running the system and problems for voluntary tax compliance. The OECD (2011) states that efficient tax administration would enhance tax compliance, reduce operational and compliance costs, and above all, increases revenue generation. In addition, it further opined that internal structure and design of tax administration would also determine the efficiency of the process together with resource allocation, motivation and autonomy of the tax authority.

Werner and Weck-Hannemann (2006) suggested five determinants of tax administration efficiency which include autonomy, leadership style, employees' training, employees' motivation and use of ICT. They argued that these determinants play a vital role for enhancing tax administration efficiency. Also, Shagari (2014) argued that autonomy of tax administration, motivation, transparency, trained personnel and ICT are strong determinants of tax administration efficiency. Furthermore, Muaen (2016) added that leadership style, motivation, ICT, and training are the determinants of tax administration efficiency. Hassan (2012) added that the lack of adequate staff, motivation and incentives and infrastructure could affect the tax administration's efficiency.

Many scholars and researchers applied five determinants suggested by Werner and Weck-Hannemann (2006) to investigate the effect of these determinants (individually and/or in combination) on tax administration efficiency. For example, Shagari and Lynch (2006) used three determinants including autonomy, employees' motivation and use of ICT to test their effect

on tax administration efficiency and found that all these three determinants positively correlated with tax administration efficiency. Wart (2016) found that leadership style has positive effect on organizational administration efficiency including tax administration efficiency. Furthermore, a study by Asencio (2014) revealed positive effect of employees' training on tax administration efficiency.

In Ethiopia, the government imposes tax (direct and indirect), as major and vital sources of public revenue for the promotion of its economic process. However, this imposition of tax couldn't still bring the required results as the country still faces difficulty in raising revenue to the level required for the promotion of economic growth. Hence, the country has been experienced a consistent budget deficit because of having the higher public expenditure than the revenue. Ethiopia is not covering its budget requirements from domestic tax revenues. As indicated in the country's budget for 2018/2019 which was about 346 billion and the expected tax revenue which was around 239 billion birr. This shows a deficit of 107 billion birr in that particular year (Ministry of Finance and Economic Development, 2017).

As highlighted in a study by Temtime (2014), the ratio of tax to gross domestic product in Ethiopia targeted by the top of the five-year Growth and Transformation Plan setup in 2015 was 15.3% which is below the Sub-Saharan average (18%) in. He also noted that as compared to some selected Eastern African countries, the Ethiopian tax performance is extremely low and even under the averages of the these chosen African countries. Ayele et al. (2017) and Abraraw (2011) have stated that failure in tax collection in Ethiopia was highly practiced and this failure could have been due to inefficient tax administration among others.

Several studies are made with regard to tax administration in Ethiopia. Among which, Samson (2012) found that limited tax officers' capacity and lack of fit technologies to be among the causes of efficient and effective VAT management failure. Another study by Hafty (2016) revealed that staff attitude, skill and knowledge gap, delay of tax employee to give timely decision, Network problem, staff ethical problem and poor customer handling culture to be among the problems seen in tax administration at Ethiopian Revenues and Customs Authority large taxpayers' branch office.

It was suggested tax authorities in developing countries suffer from weak capacity due to weak leadership, shortage of skilled man power and the lack of modern infrastructure such as IT (GIZ, 2010). However, majority of the previous studies about tax administration efficiency in Ethiopia were concentrated on studying procedural and legal aspects of tax administration together with taxpayers' behavior. For instance, studies by Markos (2010), Mesele (2016), Mlay (2013) and Temtime (2014) showed tax assessment procedures, tax collection methods, tax laws and taxpayers' awareness to have an impact on the ability of the tax administration to collect the required revenue. Studies done by Haft (2016) and Samson (2012) did not account leadership and employees motivation with regard to tax administration efficiency in Ethiopia. This study attempts to fill this gap by investigating the effect of autonomy, leadership, employees' training, employees' motivation and use of ICT (Werner and Weck-Hannemann, 2006) on the tax administration efficiency. Furthermore, the Addis Ababa City Revenue Authority has small, middle, and large taxpayers' office divisions for its taxpayers. Small taxpayers', with an annual revenue of birr five hundred thousand to five million, are served at the district level small taxpayers offices. And it is accounted in ERCA report (2015) large segment of these small businesses in Addis Ababa exhibit low tax compliance levels. According to Ogbonna (2011), among the reason for such low compliance level is tax administration's incapability. Hence, this study focuses on Addis Ababa City small taxpayers' branch offices.

1.3 Objectives of the Study

1.3.1 General Objective

The main objective of the study is to examine the determinants of the tax administration efficiency in Addis Ababa Revenue Authority in the case of selected small taxpayers' branch offices.

1.3.2 Specific Objectives

The study will have the following specific objectives.

1. To examine the effect of autonomy on tax administration efficiency.
2. To examine the effects of leadership on tax administration efficiency.
3. To investigate the effect of employees' training on tax administration efficiency.

4. To examine the effects of employees' motivation on tax administration efficiency.
5. To investigate the effect of ICT on tax administration efficiency.

1.4. Research Questions

In line with the above specific objectives the study asks the following research questions:

1. How does autonomy affect tax administration efficiency?
2. What is the effect of leadership on tax administration efficiency?
3. What is the effect of employees' training on tax administration efficiency?
4. What is the effect of employees' motivation on tax administration efficiency?
5. What is the effect of ICT on tax administration efficiency?

1.5. Significance of the Study

There are several valuable benefits expected from this study. The significance of establishing the issues related to the efficiency of tax administration provides a greater insight and understanding on the issue to stakeholders of tax administration in Ethiopia like tax office branch managers and administrators. This can be achieved by applying theoretical concepts discussed in many literatures into practice in tax administration. It is hoped that these findings will guide efforts to improve the performance of tax administration and will be useful to tax authorities and policy makers.

This study can also be important to the government specifically for Ministry of Revenue in formulation of policies related to tax administration and the way these policies are implemented. The findings of this study will provide useful guidelines for policies by presenting the effect of each variable has on tax administration efficiency, which can provide additional input for administration officials and policy makers to understand what affects efficiency of tax administration and take remedies accordingly.

This study also intends to spawn practical and theoretical further research questions that can become useful study basis for future researchers. This study's findings will be considered as a contribution in the debate about how to improve the efficiency and effectiveness of tax administration in Ethiopia.

1.6. Scope of the Study

The scope of this research focused on examining the effect of autonomy, leadership style, employees' tanning, employees' motivation and ICT in the tax administration process at selected small taxpayers Branches of AA. It considers service providing employees working at the selected offices as data sources, in which the information collected through primary sources is analyzed quantitatively using quantitative approach by applying the explanatory research design. In addition, due to manageability and accessibility difficulty and other constraints the scope of the study was limited to three selected branches.

1.7. Limitations of the Study

There are ten small taxpayers' branch offices in Addis Ababa under Ministry of Revenue in Ethiopia, which has the authority to collect and administer taxes. As it is difficult to assess all ten branch offices this study focuses on three selected small taxpayers branch offices. Moreover, as is difficult to assess all potential determinants that may have an effect on tax administration efficiency, this research work is limited in examining five factors and their potential effect on tax administration efficiency.

1.8. Organization of the Paper

The rest chapters of this paper are organized in to four chapters.

The second Chapter of the paper discusses the relevant literatures from the perspectives of scholars in this area of study. Chapter three constitutes of the methodology employed in the study. It includes the research design, source of data, sample and sampling technique, data collection techniques and data analysis.

The fourth chapter of this work includes analysis, presentations and interpretations of collected data.

The final chapter, chapter five provides summary of major findings, the conclusion of the study and suggests possible recommendations.

CHAPTER TWO

2. LITERATURE REVIEW

This chapter presents the related literatures on the study so as to have an insight in to the research topic and briefly explain some of the major areas of the subject matter under consideration. The chapter begins by presenting concepts related with tax administration, importance of tax administration and determinants of tax administration efficiency. Related studies and their findings are presented in the second part of this chapter. The chapter also presents conceptual framework of the study.

2.1. Theoretical Review

2.1.1 Definition and Concepts of Tax Administration

Taxes are major source of state revenue which is used for funding the Government's expenditures and development programs. Tax contribution is very important for the organization of a Country beside other revenues such as natural resources, profits of state owned enterprises, fees, and other revenue sources. It can be said that taxes revenue is worth the largest domestic revenue and needs to be administered properly (Fauziati, et al, 2016).

According to Dalton (1920 p. 45), "a tax is a compulsory contribution imposed by a public authority, irrespective of the exact amount of service rendered to the tax payer in return, and not as penalty for any legal offence". A tax is not a voluntary payment or donation, but an enforced contribution, exacted pursuant to legislative authority and is any contribution imposed by government, whether under the name of toll, tribute, import, duty, custom, excise, subsidy, aid, supply, or other similar name.

Since taxes are an involuntary payment for government services (Parameswaran, 2005), taxpayers have a strong inventive to minimize their tax liabilities either through avoidance (legal) or through evasion (illegal). Tax administration, therefore, has to secure compliance with the laws by applying an array of registration, assessment and collection procedures.

According to Kangave (2005) tax administration refers to the identification of tax liability based on the existing tax law, the assessment of this liability, and the collection, prosecution and

penalties imposed on recalcitrant taxpayers. Tax administration, therefore, covers a wide area of study, encompassing aspects such as registration of taxpayers, assessments, returns processing, collection, and audits.

By definition, Tax Administrations administer taxes. They implement and enforce tax laws and receive their mandates by law. Tax Administrations, like private companies and other organizations, have a core business. The core business of Tax Administrations is the levying and collection of taxes imposed by law. It is important that Tax Administrations establish a clear definition of their core business from the outset and make it known to their stakeholders (Bird, 2008). Tax administration is a body responsible for implementing and governing the tax laws and other tax related matter. They are held responsible for assessing, collecting and administering tax processes (Zakariya & Muzainah, 2015).

Tax administration refers to the identification of the taxpayer, assessment of tax payable, collection of taxes and enforcement of tax liability. In addition to the above definition tax administration refers to a structure/procedure of identification of potential taxpayer, collection and laws governing taxation (Odongo, 2011).

It is expected that people's tax payments should be in line with their income and they are required to pay a tax in proportion to their level of income. On the other part of the tax collectors, collection of tax should be time conscious and convenient and the cost of collecting the taxes should not be high to discourage business. Alternatively, this means that the ideal tax system in developing countries should raise essential revenue without excessive government borrowing and should do so without discouraging economic activity and without deviating too much from tax system in other countries (Tanzi, 2001).

According to Odongo (2011), much attention should be paid to critical aspects of tax administration, training, procedures, staffing, collection and use of information. The weaknesses in tax administration are mainly caused by lack of relevant information about taxpayer, continued criticism of the tax and its structure should be simple in order to avoid tax evasion.

According to Kangave (2005), the procedures undertaken by tax authority to ensure compliance are the following;

Identification and registration of taxpayers

Tax Identification Number (TIN) is used to identify taxpayers. Every taxpayer has a unique TIN, which he or she is supposed to use in all his or her correspondence with the tax authority, and no taxpayer should have more than one TIN. In countries like Uganda, they issue TIN free of charge upon the taxpayer completing a TIN application form (Kangave, 2005).

Filling returns

Taxpayers are requiring filing returns within specified months of the end of their tax accounting year. The return should be filed in quadruplicate and should contain all the particulars of the taxpayer. All documents respecting taxation should be presented to the tax authority office where the taxpayer has their file (Kangave, 2005).

Return processing

Upon receiving a taxpayer's return, the tax authority officers examine the accuracy of the return by determining whether the return is properly completed, whether tax has been properly computed, and whether there are any penalty payments to be made by the taxpayer. The officer then allocates an assessment number to the return and issues the taxpayer with a Bank Payment Advice Form, stating the tax payable (Kangave, 2005).

Payment of taxes

Taxes are due on the due date of the submission of the self-assessment returns. Tax should be paid to an authorized bank, using the bank payment advice form.

Audit and examination

The role of tax audits and examinations is to check the accuracy of the information that taxpayers provide to tax authorities. The audits range from simple field and desk audits to comprehensive audits (Kangave, 2005).

Audits are also performed to ascertain the validity and reliability of information; also to provide an assessment of a system's internal control. The goal of an audit is to express an opinion on the person/organization/system (etc) in question, under evaluation based on work done on a test

basis. Due to practical constraints, an audit seeks to provide only reasonable assurance that the statements are free from material error. In the case of financial audits, a set of financial statements are said to be true and fair when they are free of material misstatements - a concept influenced by both quantitative and qualitative factors (Kamal and Arora, 1999).

Collection and enforcement

When the taxpayer has not made payment on the due date, and does not object to the tax assessed, tax authority can enforce payment in a number of ways. The commissioner may bring a suit against the taxpayer or request a person owing or holding money for the taxpayer to pay the money on a specified date or institute distress proceedings against the taxpayer's moveable property. In a wider context, the issue of enforcement includes offences committed by the taxpayer, and the penalties for these offences (Kangave, 2005).

Moreover, Bahel (1989) explains that the legal framework is an important prerequisite for any enforcement activity. For example, the size and nature of penalties that are incurred after evasions have been detected is directly connected to the level of tax compliance.

2.1.2. Importance of Tax Administration

According to Asamnew (2012), tax administration dictates tax policy. Indeed, tax administration and compliance issues determine the broad evolution of tax systems. The shift in industrialized countries over a century ago from reliance on excise, customs and property taxes to corporate income and progressive income taxes can be explained, in large part, by the relative decline in the rural sector, the concentration of employment in large corporations and the growing literacy of the population. In recent years, the shift away from these taxes corporate income and progressive individual income tax and toward tax systems that rely more on broad based consumption taxes such as the value added tax, flatter rate structures, and the adoption of "dual income taxes," in which a progressive tax on labor income is accompanied with a low flat rate tax on capital income, as adopted in certain Scandinavian countries, can be explained, in large part, by the forces of globalization and developments in financial innovation and the inability of tax administrators to develop technologies to cope with these forces and developments.

In tax reforms there is a close correlation between successful tax policy and efficient tax administration. In other words, there is no good tax policy without efficient tax administration (Jenkins, 1994).

Over the past century, changes in the size of governments themselves, and differences in the relative size of governments around the world, can be explained by changes and differences in the environment, resources and technologies available to the country's tax administrators. Aside from the role of tax compliance and administrative issues on the evolution and general features of the tax system, there is no question that administrative considerations influence, and often impose decisive limits, on particular tax laws. Most obviously, the failure to tax all sources of economic power, such as the imputed rental value of homes or accruing capital gains, are often justified by reference to practical concerns of administer ability. It is futile to design a complex and sophisticated response to a tax policy problem if the rules to implement the regime cannot be administered (Asian Development Bank, 2016).

Ensuring the taxes are collected from those who owed them has always been an elusive challenge for tax departments. It has never been easy to collect taxes from lawyers who take cash for a Saturday office visit; waiters who receive most of their income as tips; landlords who collect rent in cash; small business people who skim part of their profits or hire people off the books; cash only window cleaners, roofers and painters; or large corporations that contract out to sweatshops. It has been even more difficult to collect taxes from crack cocaine dealers, smugglers, hit men and hit women, and those who make their living defrauding and extorting their clients. The underground economy has always been diverse and even vaster than these examples suggest (Asian Development Bank, 2016).

However, as if these traditional forms of tax evasion were not challenge enough, the combined effects of information technology and globalization is now alleged to allow those who have been able to hide in the shadow economy to evade paying their fair share of tax to disappear altogether. Many individuals are no longer tied to one national jurisdiction; those that are increasingly receive payments from work and investment abroad; anyone can have access to an over sea's bank; anyone with access to a computer can transact business anywhere in the world; property is becoming increasingly fungible and can be shifted relatively easily between jurisdictions. Those and other developments are said to call into question governments'

continued ability to levy taxes in a world in which companies, assets, and people are infinitely mobile (Asian Development Bank, 2016).

2.1.3 Tax Administration Efficiency

Efficiency is defined by Webster dictionary as *"having the ability to produce desired results with little or no waste."* It is the capability of performing or functioning in the best possible manner with the least waste of time and effort; having and using requisite knowledge, skill and competency to produce reliable results.

When it comes to taxation, an efficient tax administration is the one that collect tax revenue for the government according to the established tax laws and enforce government tax policies in ways that increases tax compliance. An efficient tax administration process maintains and restores taxpayers' confidence in the tax system and ensures high compliance rate in implementing and administering the tax system (Rahman, 2009).

According to Rahman (2009), tax administration efficiency is a primary determinant of effective revenue generation, implementation of tax policy and a conducive environment for investment. Earlier, Erard (1994) argued that the main objective of any tax authority is to collect tax revenue for the government according to the established tax laws and enforce government tax policies that can increase tax compliance and restore taxpayers' confidence in the tax system as well as tax administration. This is a good quality of tax administration, include efficient in the process and ensure high compliance rate in implementing and administering the tax system and tax policies.

Inefficient tax administration would not provide quality services to the taxpayers, and hence, there will be a high cost of running the system and problems for voluntary tax compliance. The OECD (2011) states that efficient tax administration would enhance tax compliance reduce operational and compliance costs, and above all, increases revenue generation. In addition, they further opined that internal structure and design of tax administration would also determine the efficiency of the process together with resource allocation, motivation and autonomy of the tax authority.

According to Alm and Duncan (2014), the efficiency of tax collection and tax administration is high in many developed countries and low in developing nations because of variations in the tax system and tax policies that are designed to monitor the revenue authorities and increase tax revenue collection.

Several factors have been identified as the causes of tax administration inefficiency in developing countries. Ogbonna (2011) argued that lack of trained officials, lack of autonomy, poor record-keeping, lack of accountability and transparency, corruption and poor service quality are some of the factors that cause tax administration inefficiency in a country's tax system. Normally, tax administrations are faced with different issues related to tax collection due to some predominant characteristics in the economy and taxpayers' attitude toward taxation. Often, the tax administration's incapability results in inefficiency and ineffectiveness.

2.2 Determinants of Tax Administration Efficiency

Werner and Weck-Hannemann (2006) suggested five determinants of tax administration efficiency which include autonomy, leadership style, employees' training, employees' motivation and use of ICT. They argued that these determinants play a vital role for enhancing tax administration efficiency. However, Ogbonna (2011) proposed six determinants of tax administration inefficiency which include inadequate infrastructure, ad-hoc practices, lack of motivation lack of training, in-competent tax administration and unsuitable tax planning and ad-hoc practices. Many scholars and researchers applied five determinants suggested by Werner and Weck-Hannemann (2006) to investigate the effect of these determinants (individually and/or in combination) on tax administration efficiency. Now, the five determinates are discussed in more detail with special focus on their effect on tax administration efficiency.

2.2.1. Autonomy

Allison (2013) defined autonomy as "the withdrawal of activities from a governmental organization or the shift of activities inside that organization". It can be seen as organizational power for easier policy making.

The concept of autonomy deals with the degree to which substantial freedom, independence, and discretion is given to the organization in scheduling work and in determining the procedures to

be used in carrying it out. Autonomy in the organization can be explained as, a physical performance or set of practices relating the allocation of responsibility and produce the chain of command so as to give greater than before decision-making power in respect to the implementation of the main work activities (Saragi, 2011).Autonomy has an influence on work approaches, exertion pace, and objective setting. Organizations through autonomy require the right to regulator the step of work and to order exertion procedures and evaluation actions (Nedelsky 2011).

Various researchers have investigated the relationship between autonomy and organizational administration and performance. A study conducted by Weske and Schott (2016) revealed that autonomy assists in managing inter-organizational relationships. Turkel and Turkel (2015) found that there is a high positive correlation between autonomy and administration efficiency. Moreover, the study concluded that autonomy makes decision-making process easier, creates sources of capital, enhances usage of human resources and creates capital for infrastructure. Furthermore, the study revealed that autonomy increases competency and user satisfaction.

Another study performed by Wynen and Verhoest (2016) tested the impact of autonomy on organizational performance in public sector organizations. The results revealed that autonomy positively affected organizational performance in terms of policy efficiency, freedom, confidence and knowledge about the barriers to overcome. Broer (2008) found that autonomy increases transparency of tax administration in terms of efficiency and effectiveness regarding funds which further reduces corruption.

Furthermore, Crandall (2010) -confirmed that autonomy of tax related organizations increases performance in terms by eliminating problems, improving efficient and effective tax administration and enhancing accountability and transparency.

2.2.2. Leadership

Leadership is considered to be a process through which a manager can direct, guide and influence the performance and behavior of others to achieve the defined objectives and goals. Broadly speaking, it is the ability of a manager to motivate the subordinates into the work with confidence and zeal. Leaders are vital for developing the vision of the organization and motivating organizational members to achieve this vision. Bohn (2002) defined leadership as

"leadership is the ability to persuade others to seek defined objectives enthusiastically. It is the human factor which binds a group together and to improve their performance and to direct them towards goals".

According to Robbins (2001), Leadership is the capacity of a person to impact the conduct of a gathering to accomplish organizational objectives. Leadership occurs when one group member modifies the motivation or competencies of others in the group. Leadership is a dynamic process whereby one man influences other to contribute voluntarily to the realization and attainment of the goals objectives; aspiration of values of the group that is representing the essence of leadership to help a group or an Organization to attain sustainable development and growth (Cole, 2005).

As Katrina (2016) explains, leadership is described as an act of influence; while some view it as a process; others describe it as the quality or trait of an individual. A leadership style depends on the situation of the company like nature of the task, the culture, objectives, availability of recourses and also the general environment. Different combinations of leadership styles are appropriate depending on factors such as skill and experience, locus of control, task structure and team dynamics.

Keskes (2014) discussed three leadership styles: autocratic, democratic and participative, depending on the authority and decision-making power shared among leaders and subordinates. The autocratic style is based on "I tell" philosophy. With this style, leaders tell the subordinates what to do and the ignore input from them. However, this style is suitable in some situations when the organization is in, crisis and need some immediate action. The democratic style is based on "I share" philosophy. With this style, leaders make decisions through teams where input by every subordinate carries equal weight. Participative style deals with involving all the subordinates to identify goals and formulating strategies to achieve these goals. In participative style, the role of the leader is like a facilitator instead of issuing orders and making assignments. This style is most common in business settings and volunteer organizations. This style is also seen as favorable for creating additional leaders in the organizations.

Hambley et al. (2007) described two types of leadership styles: transformational leadership and transactional leadership. Transformational leadership style focuses on the development of

subordinates and their needs. It emphasizes on the growth and development of the value system of employees, their moralities and inspirational level. Transactional leadership style is based on employees' compensation for meeting specific goals. In this way, it is trades between the leader and sub-ordinates.

In the discipline of public management, various researchers have examined the various leadership styles. For example, Wart (2014) performed a literature review on leadership styles. The findings of the study revealed that the internal conflict creates sharp problem in administration efficiency in public sector organizations. Moreover, administration efficiency can be improved by inter-connecting mission, public services and intrinsic rewards. Therefore, leadership style bears a big responsibility towards organizational performance.

2.2.3. Employees' Training

Training is a learning process that impacts on knowledge and skills of the employees and enables the employees to perform their tasks better (Almhamed, 2010). Training helps the employees to gain new knowledge and information related to new technological know-how and other emerging concepts in a particular field.

Training is 'a planned process to modify attitude, knowledge or skill behavior through learning experience to achieve effective performance in an activity or range of activities. Its purpose, in the work situation, is to develop the abilities of the individual and to satisfy the current and future manpower needs of the organization (Armstrong, 1999).

Training and development can be offered by external bodies such as educational institution, industry controlling body or training institutions and internal bodies such as in house trainings developed by the authority itself. These kinds of training and development can enhance the tax officers' performance in line with the department performance, and value adding role of internal auditors. The greater the competence of staff within the authority (in terms of educational qualifications, professional qualifications, work experience, and continuing professional development) the more efficient the tax administration process will be (Almhamed. 2010).

Shen (2014) argued that investment in training the employees for teamwork, decision-making and interpersonal relationship results in employees' productivity and performance which

ultimately lead towards organization-al performance. Training opportunities improves individual performance and organizational commitment among workers. Training methods should be according to its purpose, nature of tasks and levels of employees. The effectiveness of a training program should be evaluated so that further improvements can be incorporated from time to time.

Many studies have investigated the effect of employees' training on employees' productivity and/or performance and organizational productivity and/or performance in private and public sector organizations. Gintis (2014) found that technical training has positive effect on productivity and learning of employees. Bishop (1994) established a positive relationship between employees' education and employees' productivity. Furthermore, Barrett and O'Connell (2001) revealed a significant relationship between employees' training and employees' productivity.

A study conducted by Asencio (2016) in the perspective of public sector administration found that by improving the employees' skills, the employees' productivity in terms of provision of services to the citizens can be increased. The study also revealed that untrained employees spent six times more time to perform a same task in contrast to the trained employees. The study suggested that the trained employees of public sector organizations like tax administration perform their tasks more efficiently in time which reduces the need to hire more employees.

A study conducted by Ely and Calabrese (2016) revealed that by increasing employees' training 10%, the effect of productivity is 5.9% and 4.9% in public sector organizations and in private organizations respectively. Similarly, Bishop (1994) proved that the organizations which provide training to their employees achieve approximately 16% in-crease in productivity.

2.2.4. Employees' Motivation

Malhotra (2010) defined motivation as "psychological processes that cause the arousal, direction and persistence of behavior". In the lives of the organizations, motivation plays a crucial role to escalate the morale of employees and individual, team and organizational level performance.

Motivation is important to an organization because it increases the performance level of employees, decreases employees turnover and absenteeism, and helps in accepting of

18

organizational changes. Motivation is a factor that exerts a driving force organization's actions and outcomes. According to Baron (1983), motivation is an accumulation of different processes which influence and direct our behavior to achieve some specific goal. It is such a dynamic, in today's environment, that explicitly creates and encompasses a positive impact on job. Within an organization, the best performance is feasible with most committed employees that can be achieved through employee motivation.

Organizations can motivate the workforce most through introducing appropriate reward and recognition programs and other benefits. Bishop (1987) suggested that, pay is directly related with productivity and reward system depends upon the size of an organization. Firm's reward system plays a critical role in motivating employees to perform creatively. Effective reward and recognition system can be a good motivator but lack of reward de-motivates employees and thereby efforts of employees towards excelling in their tasks diminish. Thus the main objective of rewards is to attract and retain employees, by motivating them to pursue higher performance levels (Peters, 2010). Several organizations have succeeded to boost their progress enormously implementing strategies that aim to provide appreciation programs that recognize and acknowledge high performers.

Employees are motivated through various strategies which may vary from employee to employee, place to place and organization to organization. Employees may get motivated by cash, rewards, encouragement, appreciation and/or respect etc. Various researchers have studied the impact of employees' motivation on individual performance and/or organizational performance. Here is a brief description of some of previous studies.

Muogbo (2013) conducted a study to investigate the relation-ship between employees' motivation and organizational performance in manufacturing industry using descriptive re-search design. The results revealed that a positive relationship existed between employees' motivation and organizational performance.

Another study performed by Dobre (2013) investigated the effect of motivational factors on organizational performance. The results revealed that empowerment and appreciation of employees positively correlated with organizational performance. Moreover, empowerment and involvement of employees positively correlated with efficiency, growth and innovation.

According to the study of Solomon et al. (2012) organizations should harmonize continuous improvement in order to increase employee motivation.

Likewise, a study was performed by Belfield and Marsden (2003) in Inland Revenue staff to investigate the relationship between motivation and performance of the employees. The findings of the study concluded that employees' motivation improve the efficiency and effectiveness of the tasks. Moreover, competent and motivated employees are vital to enhance service delivery and improve organizational productivity.

2.2.5. Information and Communication Technology

Gatchair (2015) defined ICT as "all forms of technology applied to the processing, storing and transmitting information in electronic form; stressing that the physical equipment used for this purpose include computers, communication equipment and net-works; fax machines and electronic, pocket calculator". It can be used to improve the tat administration efficiency by minimizing human errors and processing time, assuring readily available data for the taxation personnel, increasing voluntary compliance to reduce tax evasion and promoting better decision making. The use of ICT helps in maintaining reliable records, quick processing and timely access to required data.

Automation based approaches have become an important vehicle for achieving efficiency in tax administration. Hence, automation impacts on the efficiency of tax administration. Several studies have identified automation as a predictor of efficiency and research shows a link between tax administration efficiency and automation (Engman, 2005).

In the work of (Eric, 2015) it was mentioned that technology can have the following benefits to tax and taxation. First, technology could improve the quantity and quality of information available to taxing authorities and their ability to use that information effectively. Secondly, technology may make tax administrations more effective by improving information flow, facilitating coordination, and improving the allocation of resources. Third, technological changes may reduce taxpayer compliance costs by improving information and services to taxpayers (for example, software for maintaining books and records, and for calculating tax liabilities, or electronic or return–free filing alternatives). Finally, technology can reduce

opportunities for corruption by reducing the face–to–face interaction between taxpayers and taxing authorities.

A study conducted by Oluwafemi (2015) revealed that the use of ICT greatly affects employees' productivity. Moreover, Efunboade (2014) found that the use of ICT increases the internally generated revenue, compliance, productivity and economic development. He further added that the ICT is change agent for poverty reduction and growth in developing countries.

The use of IT enhances innovation, efficient practices, productivity and performance of the public sector organizations. Moreover, the use of ICT and other electronic gadgets improves the administration efficiency, service delivery, confidence and trust of the customers and transparency of the government organizations (Alabar and Agema, 2014).

2.3. Empirical Review

A study sponsored by the United Nations (2000) on improving tax administration performance in Sub-Saharan African countries shows that to achieve tax administration efficiency; there is a need to have clear administrative transparency in decision-making, motivated tax officials and incentives for taxpayers. In addition, an adequate time framework and competent human resources that can handle the improvement process and deliver positive outcomes are also vital. This discussion and identification from the UN and other studies highlighted above, clearly show the importance of an efficient tax administration and how efficiency is determined using the same factors.

A study by Gurama and Mansor (2015) stated that any modern and efficient tax administration needs to review its tax policies and tax administration style by incorporating new strategies and efficient tax processes through motivation, accountability and transparency of all of the administrative processes. Joon and Kim (2011) added that the function of the tax administration could be enhanced by establishing an autonomous administration, improving staff motivation and strong commitment by the government.

Also another study by Shagari (2014) argued that autonomy of tax administration, motivation, transparency, trained personnel and ICT are strong determinants of tax administration efficiency.

Furthermore, Muaen (2016) added that leadership style, motivation, ICT, autonomy and training are the determinants of tax administration efficiency in Libya. Therefore, strong tax administration is characterized by the efficiency of processes and effectiveness of tax administration in coordinating all the resources under its disposal to earn a meaningful and fruitful outcome.

Shagari (2014) also contended that adequate training of personnel and optimal allocation of technological resources can enhance tax administration efficiency. Hassan (2012) added that the lack of adequate staff, motivation and incentives and infrastructure could affect the tax administration's efficiency.

When it comes to studies made about the Ethiopian case, Muuz (2015) evaluated the efficiency of standard assessment system for category 'C' taxpayers in Ethiopia. Specifically, the study discovers the practical applications of presumptive tax system in Tigray as follows: The tax authority in Tigray apply daily sales estimations twice a year. The study shows, the main problem in the estimation were lack of technical knowledge on estimation, limited training, non-appearance of some assessors, and lack of voluntary cooperation by tax payers to give information and understate the revenue at the time of reporting. In addition the amount of tax revenue collecting by the tax authority is small with or without considering the cost of administration of the income tax assessment. The researcher also specifies presumptive tax in Ethiopia as: In Ethiopia presumptive taxation has been exercised through standard and estimated assessments.

Markos (2010) identified the challenges of tax administration in Mekele branch took 120 tax payers and 20 tax officers and conclude that the main challenges was the attitude of tax payer. As a result there was on awareness creation problem by tax payer and lack of awareness was the main challenges. The branch tax administration practice has a problem and there are tax payers who are not declaring with payments as a challenge identified by the tax researcher.

Temtime (2014) came up with business tax payers are not satisfied with the existing tax system. The authority's way of providing tax information, tax collection, tax refund, the tax audit procedure are found to be dissatisfied and the researcher identified the tax system is so complex and unfair.

Mlay (2013) studied on challenges facing tax collection from micro tax payers and he found that tax payers are transacted only through cash, and this lack of e-payment decreased tax revenue.

Mesele (2016), in his study on problems associated with tax payers and the revenue authority, found that most of category A and B tax payers are convinced for the fairness of the tax assessment. However, some of the above group tax payers and most of category C tax payers do not agree with the fairness of tax assessment in addition to that the authority is not making effort to create awareness to tax payers, there are many traders who run their business without trade license.

Mlay (2013) found that micro taxpayers transact with cash only. As ERCA declares, the main challenging factors in tax administration it is not only lack of awareness but also unable to issue sales invoice during transactions and providing illegal purchase invoice to overstate the expenditure and understate the tax to be paid or payable. The dissatisfied taxpayers are not only dissatisfied by the authority but also by themselves because they didn't try to make any effort towards understanding the tax laws and regulations only asks for tax officials the manner how to run the business. For example, when taxpayers want to report their tax obligations commonly they come at the deadline of the reporting period, and this creates poor service delivery and become dissatisfied. Mlay in his finding transacting with only cash for micro tax payers is a challenging factors, but in reality micro-taxpayer (category-c-taxpayer) are not obligated to keep books they are treated through the presumptive taxation which is based on the estimated daily sales. So this can't be the challenging factor for category ''c'' taxpayer it may be a challenge for category ''a'' and ''b'' taxpayer.

2.4. Literature Summary

The review established that there are several study made in different countries that explained the five determinants of tax administration efficiency suggested by Werner and Weck-Hannemann (2006) which includes autonomy, leadership style, employees' training, employees' motivation and use of ICT. Studies by Gurama and Mansor (2015), Shagari (2014), Muaen (2016), Ogbonna (2011) and Hassan (2012) among others argued that these determinants play a vital role for enhancing tax administration efficiency.

Regarding tax administration efficiency related topics in Ethiopia, as presented in the empirical review above, several researches have been done. It could be seen from the above discussion that majority of the previous studies about tax administration efficiency in Ethiopia were concentrated on studying procedural and legal aspects of tax administration together with taxpayers' behavior. For instance, studies by Temtime (2014), Markos (2010), Mesele (2016), Mlay (2013) and Temtime (2014) showed tax assessment procedures, tax collection methods, tax laws and taxpayers' awareness have an impact on the ability of the tax administration to collect the required revenue. However, literature done outside of Ethiopia shows that factors related with the organizational capacity of the revenue authority with regard to its human resource and infrastructures are also important determinants of tax administration efficiency. Meanwhile, it was suggested that tax authorities in developing countries suffer from weak capacity due to weak leadership, shortage of skilled man power and the lack of modern infrastructure such as IT.As a result, this research attempts to carry out this study by including factors that received little attention in previous studies conducted with regard to Ethiopia.

2.5. Conceptual Framework

Based on the related literature review and the above points with regard to each element and their effect on the efficiency of tax administration, the conceptual framework is developed. The framework shows the variables of the study which include autonomy, leadership style, employees' training, employees' motivation and ICT use as the independent variable that affect the efficiency of tax administration (dependent variable).

Figure 2.1: Conceptual framework
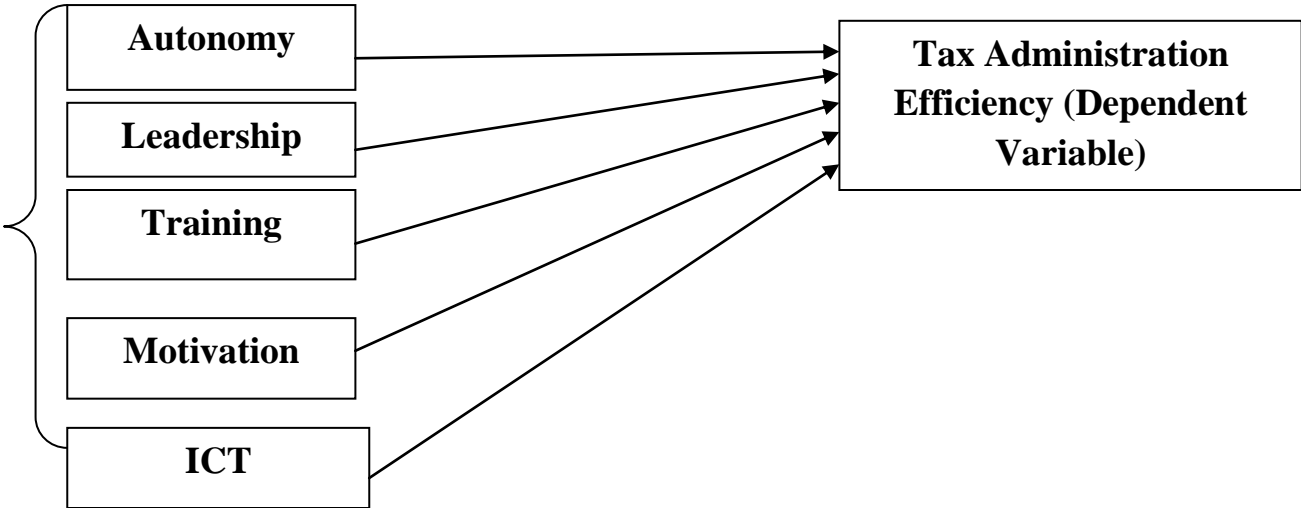
Source: Werner and Weck-Hannemann (2006)

CHAPTER THREE

3. RESEARCH METHODOLOGY

3.1. Research Design

A research design is the set of methods and procedures used in collecting and analyzing measures of the variables specified in the research problem. This research used explanatory research design. Explanatory which is sometimes referred to as analytical research is a type of cross- sectional research used to identify any causal links between the factors or variables that pertain to the research problem. Explanatory research was employed in this study to examine the effect of the selected factors on tax administration efficiency. As described by Suryabrata (2003) explanatory method is a method that describes the study systematically, factually and accurately utilizing facts, behaviors and relationship between the phenomenon's being studied.

This study explains the effects of autonomy, leadership style; employees' training, employees' motivation and ICT use have on tax administration efficiency. The study utilized correlation and regression analysis for the hypotheses testing. As it is typical of case based correlation study, the research administered questionnaire and the results are analyzed, hence the study uses cross sectional approach of data collection.

3.2. Research Approach

There are three basic approaches to research, quantitative approach, qualitative and mixed approach. In order to investigate the problem, a quantitative approach was used in this study. Quantitative approach involves the generation of data in quantitative form which can be subjected to rigorous quantitative analysis in a formal and rigid fashion. This usually means survey research where a sample of population is studied (questioned or observed) to determine its characteristics, and it is then inferred that the population has the same characteristics (Kothari, 2004).

Consequently, the study required analyzing the relationship between variables and testing using statistical procedures. Due to this nature of the study the quantitative research approach was adopted.

The strengths of the quantitative methodology are- it follow scientific approach; bias from the researcher's influence is less; it can employee large sample size; it can test the validity and reliability of the instrument. So, the results can be believed and generalized for larger population. This study employed a quantitative approach to analyze quantitative data that was gathered from systematic questionnaires used to perform the analysis.

3.3 Target Population

There are eleven small taxpayer branch offices under Addis Ababa Revenue Authority. Thus, this study basically targets tax audit, tax assessment, and law abiding employees at these small taxpayers' branch offices in Addis Ababa sources.

3.4. Sample size and Sampling Procedure

To achieve the study purpose, the study applied multi stage cluster sampling technique in selecting a sample from the aforementioned target population. Hence, the researcher took each Sub-city office as a cluster. Because they are located at different parts of the city and it poses difficulty to cover all the offices, the researcher then conveniently selected three clusters (branch offices) which are Yeka, Bole and Arada small taxpayer's branch offices.

According to preliminary information gathered from the case organizations there are currently 114, 132 and 99 tax officials who work at Yeka, Bole and Arada small taxpayers' branch offices respectively. Accordingly, the researcher calculated the sample size. To come up with sample size a simplified formula to calculate sample sizes of finite population is used for this particular study. A 95% confidence level is assumed for this formula to determine the sample size, at e=0.05 and the sample size is determined by the following formula (Sekarar, 2003).

$$n = \frac{N}{1 + N(e)^2}$$

Where 'n is the required sample size,

N is the population size and

E is the level of precision

$$n = \frac{345}{1 + 345(0.05)^2}$$

Sample size = 186.23 ≅ 186

After that, the sample size of each cluster was calculated using s sample formula to calculate the proportion of people from each group. Sample size of the cluster = Members in cluster* Sample size /Total Population size. Base on this computation, the sample size for the study is summarized on Table 3.2.

Table 3.1: Sample

Clusters -	No. of Employees	Sample
Yeka small taxpayers branch office	114	62
Bole small taxpayers branch office	132	71
Arada small taxpayers branch office	99	53
Total Sample Size		**186**

As a result, based on the formula this study used a sample of 186employees. Consequently, the study distributed questionnaire for one hundred eighty six (186) sampled respondents.

3.5 Data Source and Data Collection Instruments

In order to gather the data from relevant sources, the study used primary data collection instruments. The primary data were conducted in the form structured questionnaires that were distributed to employees of the branch office.

The items of the questionnaire were adopted from the prior literature (Tadesse and Goitom, 2014;Shagari, 2014). The adopted items are slightly modified according to the context of the study. The questionnaire that was used in this study has two parts. The first part is designed to collect the demographic information from each respondent. The second part contains information to assess variables and is prepared on five point Likert scale ranged from "1=Strongly Disagree" to "5=Strongly Agree".

3.6 Method of Data Analysis

The study analyzed data collected from respondents through questionnaire by using SPSS version 23.0 software tool. The study presented collected data from primary sources by using tables which are expressed in the form of mean and standard deviation. To examine the relationship between tax administration efficiency and each of the five selected factors, descriptive statistics and Pearson's Correlation coefficient were used. Moreover, to examine the effect of each independent variable has on tax administration efficiency the study conducted multiple linear regressions after conducting reliability test, descriptive statistics and Pearson correlation.

3.7 Variables Definition

3.7.1 Dependent Variable

Tax Administration Efficiency is the dependent variable in this study. Tax administration can be defined as all government organizations involving in the tax policy formulation and implementation in the country (Abiola and Asiweh, 2012). This provides improved services to citizens including people, businesses and employees while reducing the cost at the same time. An efficient tax administration is necessary for the economic growth and development of a country because it encourages the capitalists and investors, lessen poverty and enhances growth in all sectors of economy (Oseni, 2016).

3.7.2 Independent Variables

3.7.2.1. Autonomy

Autonomy authorizes executives to exercise more control over budgeting, procurement and personnel to management the tax organization effectively and efficiently (Gupta, 2015). Many researchers have investigated the relationship between autonomy and tax administration efficiency and found that there existed a positive relationship between these variables e.g. (Jelil, 2017), (Turkel and Turkel). Thus, this leads towards the following hypothesis:

H1: Autonomy positively and significantly affects tax administration efficiency.

3.7.2.2. Leadership

Bohn (year) defined leadership as "leadership is the ability to persuade others to seek defined objectives enthusiastically. It is the human factor which binds a group together and to improve their performance and to direct them towards goals". There is almost consensus among researchers in the literature that the leaders, managers and supervisors play a vital role to boost the morale of the employees in various organizational settings. Many studies have revealed a positive association between leadership style and organizational administration efficiency e.g. (Savareikiene, 2014), (Wright, Christensen, and Isett, 2013). Wart (2014) concluded that leadership style is vital for the progress and development of organizations. Hence, the following hypothesis can be formulated.

H2: Leadership positively and significantly affects tax administration efficiency.

3.7.2.3. Employees' Training

Training is a learning process that impacts on knowledge and skills of the employees and enables the employees to perform their tasks better. A study by Bishop (2009) revealed that the trained employees were 16% more productive than untrained employees. Bercu (2016) found that training provides benefits to the all stakeholders involved in the organization. Therefore, it is reasonable to formulate the following hypothesis:

H3: Training positively and significantly affects tax administration efficiency.

3.7.2.4. Employees' Motivation

According to the study of Solomon et al. (2013), organizations should harmonize continuous improvement in order to increase employee motivation. Likewise, a study was performed by (Peters, 2010). Belfield and Marsden (2003) in Inland Revenue staff to investigate the relationship between motivation and performance of the employees. The findings of the study concluded that employees' motivation improve the efficiency and effectiveness of the tasks. Moreover, competent and motivated employees are vital to enhance service delivery and improve organizational productivity.

On the basis of the aforesaid arguments, the following hypothesis is formulated:

H4: Motivation positively and significantly affects tax administration efficiency.

3.7.2.5. ICT Usage

Blair (2016) revealed that the use ICT enhances service delivery and increases administration efficiency of the government organizations. Furthermore, Idisemi and Ann (2011) described that the use of ICT facilitates effective and efficient communication regardless of time and distance, assist organizations to manage data efficiently, reduces costs and saves time and helps organizations to generate accurate financial information for effective decision-making. Therefore, the following hypothesis is formulated.

H5: ICT positively and significantly affects tax administration efficiency.

3.8. Model Specification

- Dependent variable: Tax Administration Efficiency

- Independent variable: Autonomy, Leadership style, Employees' Training, Employees' Motivation and ICT use.

Accordingly, the regression equation on the above variables can be stated as follows:

Y= β0 + β1X1 + β2 X2 + β3 X3 + β4X4+ β5 X5 + Ei

Where:

Y is the response or dependent variable- Tax Administration Efficiency

X1 = Autonomy,

X2 = Leadership,

X3 = Employees Training,

X4 = Employees' Motivation,

X5 = ICT use

Ei = Error term set up to demonstrate the unexplained portion of the dependent variable through the above four important exogenous variables.

Besides **β0** indicates constant which shows the magnitude or the value of satisfaction when the coefficient for the above four explanatory variables become zero.

3.9. Reliability

The reliability of tools tests the accuracy of tools. The reliability of the tools is viewed by Creswell (2003) as the degree of accuracy demonstrated by the tools or method. A standardized test's reliability is typically expressed as a coefficient of correlation, which calculates the intensity of the association between variables

Before progressing to the main analysis, the researchers performed a reliability test. The importance of the reliability test was to assess the possible limitations of the testing instrument so that it could influence steps to mitigate the errors found.

The Cronbach's alpha was used to assess the reliability of the scales used for this research.

Table 3.2: Reliability Test Statistics

Variables	No of Items	Cornbach's Alpha result
Autonomy	5	0.711
Leadership	5	0.843
Training	7	0.725
Motivation	6	0.704
ICT	6	0.751

Source; own survey & SPSS output (2021)

In order to achieve internal reliability, various authors accept different values from this test, but the most widely accepted value is 0.70, as it should be equal to or greater than internal reliability (Hair et al., 2003). The Cronbach Alpha values for each area in the questionnaire are shown in Table 3.3 above. As can be seen from the table, Cronbach's Alpha is in the range of 0.705-0.843for each field value. This range is considered high; the result ensures that each area of the questionnaire is accurate.

3.10. Validity of Instruments

Validity is defined as the degree to which an instrument accurately measures what is supposed to measure. It is concerned with how well the concepts are defined by the measures (Hair et al., 2007). In this study, structured questionnaire was developed based on the conceptual framework of the study designed to address the intended assessment questions and objectives. To establish the validity of the data collection instrument, the researcher examined previous research works and developed the questionnaires based on the reviewed literatures.

3.11. Ethical Consideration

According to Collin F, 2007, when conducting research, treating people unfairly and using or encouraging others to use the knowledge gathered during the research work to hurt people is unethical. Reasonable research ethics are taken into account in this report.. The respondents are told that they are required to provide accurate information and that they have the right to privacy, not to be misled, and to be informed about all aspects of the study. According to Creswell (2003) a researcher has a duty to respect the informants' privileges, needs, values, and wishes, so the rights, needs, values, and interests of respondents are respected. Throughout the study method, the researcher followed legal and morally correct procedures. The data was obtained with the participants' full consent, and the researcher explicitly explained the intent of the study, maintained objectivity, and protected the subject's rights and confidentiality.

CHAPTER FOUR

4. RESULTS AND DISCUSSIONS

The general objective of this study was to examine the effects of autonomy, leadership, employee training, employee motivation and information communication technology have on tax administration efficiency in the case of selected Addis Ababa small taxpayers branch offices. To attain the objective of the study, data from primary source was collected through questionnaires distributed to sampled employees working at three Addis Ababa small taxpayers' branch offices.

In this chapter data presentation, interpretation and discussion are presented. As stated in the previous chapter the study took a sample size of 186 employees who work at Yeka, Bole and Arada small taxpayers' branch offices. Thus, 186 questionnaires were given to employees of the aforementioned branch offices. Of which 171 questionnaires were correctly filled in and returned which makes a response rate of 92%. This response rate was good enough to make conclusions for the study. The data of the respondents is analyzed by using appropriate statistical tools. The first part of this chapter discusses about the demographic characteristics of respondents, while the rest deals with the analysis and interpretation of findings of the study.

4.1 Demographic Characteristics of the Respondents

Table 4.1 below was designed to display the respondent's general characteristics. When we look at the gender of respondents 59.6% and 40.4% were male and female respectively. This result reveals the majority of employees at the branch offices are male workers. As it is shown on table 4.1 below respondents were also requested to indicate their age category, the findings revealed that 44.4% of the respondents were aged between 20 to 30 years, 30.4% of the of the respondent indicated they were aged between 31 to 40 years, 17.5% of the of the respondent indicated they were aged between 41 to 50 years, whereas the remaining 7.6% of the respondents indicated that they were above 50 years old. This is an indication that majority of the employees at the branch offices (74.8%) are young workers aged between 20 to 40 years.

Table 4.1: Demographic characteristics of the target respondent

	Frequency(n)	Percentage (%)
Gender		
Male	102	59.6
Female	69	40.4
Total	**171**	**100.0**
Age		
20 to 30 years	76	44.4
31 to 40 years	52	30.4
41 to 50 years	30	17.5
Above 50	13	7.6
Total	**171**	**100.0**
Level of education		
Diploma	5	2.9
Bachelor's Degree	144	84.2
Master's Degree	22	12.9
Total	**171**	**100.0**
Work Experience		
Below 3 years	21	12.3
3 to 5 years	49	28.7
6 to 10 years	98	57.3
11 to 20 years	3	1.8
Total	**171**	**100.0**
Source: survey, 2021		

As presented on table 4.1 above, the study also requested the respondents to indicate their highest level of education. The findings presented above revealed that 2.9% of the respondent indicated their highest level as Diploma, 84.2% of the respondent indicated their highest level as Bachelor's Degree, and the remaining 12.9% of the respondents indicated their highest level of

education as Master's Degree. It is identified that most of the respondents included in the study had Bachelor's Degree. This result shows that majority of the employees (97.1%) who are currently working at the organization have Bachelor's Degree or above.

Finally, as presented on table 4.1 above, the study requested respondents to indicate their work experience. Their responses' revealed that 12.3% of the respondents have a work experience of less than three years, 28.7% of the respondents had a work experience ranging 3 to 5 years, 57.3% of the respondent indicated that they had worked for a period ranging between 6 to 10 years, 12.3% of the respondents had experience ranging between 11 to 20 years. This implies that most of the employees (87.7%) have above 3 years of experiences accumulated. This result adds recognized value for this study, as most of the respondents have enough work experience and education that can enable them to understand the issues raised in the questionnaires distributed.

4.2. Descriptive Statistics

The respondents were asked to rate their response on a five point Likert scale ranging from one (strongly disagree) to five (strongly agree). Based on this, each independent variable is first analyzed descriptively using percentile, mean and standard deviation (SD).

The resulting Mean score values were interpreted using the scale proposed by Best (1977). That is, mean score values between 1 to1.8 represent high level of disagreement; mean score value between 1.81 to 2.6 represent disagreement; mean values between 2.61 to 3.40 represent neutral level towards the proposed statement; mean values between 3.41 to 4.20 show disagreement; and mean score value greater than 4.21 show high level of agreement with the proposed statement.

4.2.1 Autonomy

The study sought to establish the view of the respondents regarding the autonomy at the branch offices. To do so the study asked respondents questions related with autonomy of tax administration at the offices. The responses are presented in table 4.2 below.

Table 4.2: Respondents opinion about autonomy

	Percent (%)				
	S.D	**Disagree**	**Neutral**	**Agree**	**S.A**
Our tax administrative structure has autonomy	1.2	11.1	26.3	59.6	1.8
The office of has autonomy in recruitment and dismissal of staff	0.6	13.5	28.7	52.0	5.3
The branch has appropriate powers of access to information held by the taxpayer and other parties	-	10.5	23.4	64.9	1.2
The office takes most of the decisions itself after consulting the Ministry of Revenue	0.6	12.9	21.1	62.6	2.9
The office has autonomy in budget preparation and implementation	1.8	15.8	35.1	43.9	3.5
Item Mean	**3.48**				
Item S.D	**0.782**				

Source: Own survey & SPSS output (2021)

As presented in table 4.2 above, the first statement sought to establish the degree to which respondents agreed to existence of tax administrative structure autonomy. About 12.3% of the respondents strongly disagreed or disagreed, 26.3% of the respondents felt neutral and 61.4% of the respondents agreed or strongly agreed. This shows that most respondents agreed that there is autonomy in tax administrative structure at the branch offices.

According to table 4.2 above, more than half of the respondents (66.1%) either agreed or strongly agreed that the branch offices have appropriate powers of access to information held by the taxpayer and other parties. In addition, employees were asked to show their opinion about the ability of the branch offices to take decisions by themselves after consulting the Ministry of Revenue. More than half of the employees (65.5%) agreed or strongly agreed with this regard. In addition, with regard to having the autonomy in budget preparation and implementation, less than half of the respondents (44.4%) agreed (in cumulative term).

37

In general, as could be observed in table 4.2 above, the overall mean of the set of items was 3.48. This implies that employees believe there is a good level of autonomy that gives decision-making power at the branch offices. The overall standard deviation for the items presented above was less than 1.00, suggesting that the respondent's perception were relatively similar.

4.2.2 Leadership

According to Robbins (2001), leadership has the capacity to impact the conduct of a gathering, and hence, influencing the accomplishment of organizational objectives. With this in mind the next set of items in the questionnaire inquired respondents' opinion about leadership attributes at the branch offices. Results are presented in table 4.3 below.

Table 4.3: Respondents opinion about leadership

	Percent (%)				
	S.D	Disagree	Neutral	Agree	S.A
Managers in the office listen to team members' point of views before taking decisions.	1.2	16.4	25.7	50.3	6.4
My manager gives me with insightful suggestions on what I can do to improve.	0.6	12.3	35.1	44.4	7.6
Managers in the office make decisions that promote our team's performance and productivity.	1.8	13.5	26.9	55.0	2.9
Managers in the office have a good working relationship with employees	2.3	12.3	29.2	48.5	7.6
Managers in the office spend time to guide and coach their assistants.	1.8	14.0	45.0	33.9	5.3
Item Mean	3.42				
Item S.D	0.852				

Source: Own survey & SPSS output (2021)

As it can be observed from Table 4.3 above, 56.7% of the respondents either agreed or strongly agreed that managers at the offices listen to team members' point of views before taking

decisions. Similarly, 51%, 57.9% and 56.1% of the respondents agreed or strongly agreed with the statements; managers give insightful suggestions on what can be done to improve performance, managers make decisions that promote team performance and productivity and managers have a good working relationship with employees respectively. In contrast, most respondents (45.0%) felt neutral about the last statement presented in table 4.3 above. This shows employees' opinion is neutral regarding the effort put in by managers to guide and coach employees.

In general, as could be observed in table 4.3 above, the overall mean of the set of items was 3.42. These results show managers at the branch offices listen to employees' opinion regarding tasks, put in effort to improve productivity and maintain a good working relationships with workers at their respective branch offices. The overall standard deviation for the set of statements presented above was less than 1.00, suggesting that the respondent's perception were similar.

4.2.3 Employees Training

According to Armstrong (1999) training is a planned process to modify attitude, knowledge or skill behavior through learning experience to achieve effective performance in an activity or range of activities. It is a learning process that impacts on knowledge and skills of the employees and enables the employees to perform their tasks better. In this regard, responses regarding training practices at the branch offices are presented below.

Table 4.4: Respondents opinion about Training

	Percent (%)				
	S.D	Disagree	Neutral	Agree	S.A
The office provides ongoing trainings and development courses to improve employees' capacity	2.3	18.1	41.5	32.7	5.3
The office provides effective awareness creation trainings on tax laws to tax officers.	1.2	18.1	48.0	31.6	1.2
Adequate short-term training is arranged for tax officers	.6	6.4	52.0	39.8	1.2
There is a continuous professional development activities (such as professional association sponsored programs and correspondence courses) provided for the employees at the office	.6	5.8	56.7	35.7	1.2
The tax office has policies for training of tax officials	1.8	17.5	28.1	43.9	8.8
The office provides initial training for new employees.	1.8	18.7	26.3	42.7	10.5
Administrations use knowledge-sharing initiatives to help increase the capability of staff through the sharing of best practice, techniques, learning and experiences.	4.1	17.0	42.1	34.5	2.3
Item Mean	**3.28**				
Item S.D	**0.812**				

Source: Own survey & SPSS output (2021)

As presented in table 4.4 above, the majority of the respondents felt neutral for the statement that ongoing trainings and development courses are provided to improve employees' capacity (41.5%). Similarly, 48%, 52% and 56.7% of the respondents felt neutral with the statements; t effective awareness creation trainings on tax laws are provided to tax officers, adequate short-term trainings are arranged for tax officers and continuous professional development activities are provided for employees respectively. In contrast, the majority of the respondents agreed (in cumulative term) with the statements; the tax office has policies for training of tax officials (52.7%) and the office provides initial training for new employees (52.7%).

In general, as could be observed in table 4.4 above, the overall mean of the set of items was 3.28. This implies that employees' opinion about training opportunities at the branch offices is close to neutral. The overall standard deviation for the set of statements was less than 1.00, suggesting

that the respondent's perception were alike. This result shows employees at the tax offices are neither satisfied nor dissatisfied with the training opportunities provided at their respective office.

4.2.4 Employees Motivation

According to Malhotra (2010) motivation is important to an organization because it increases the performance level of employees, decreases employees turnover and absenteeism, and helps in accepting of organizational changes. Motivation is a factor that can exert a driving force in organization's actions and outcomes. With this in mind the next set of items in the questionnaire inquired respondents' opinion about statements relating with employees motivation. Results are presented in table 4.5 below.

Table 4.5: Respondents opinion about Motivation

	Percent (%)				
	S.D	Disagree	Neutral	Agree	S.A
Employees in my organization work as hard as employees in other organization with similar remuneration		11.7	35.7	46.8	5.8
I have been remunerated for staying beyond the working hours to finish my daily routine task	6.4	39.8	52.0	1.8	
I have been motivated by my organization to put my best effort in my job done	.6	13.5	43.9	40.9	1.2
I have been motivated by my organization to do extra work for my job that isn't normally expected for me		5.8	50.9	42.7	.6
Non-monetary incentives are provided in order to motivate employees.		12.3	55.6	31.0	1.2
Employees are encouraged to feel that the work they do makes important contributions to the larger aims of the tax office.	.6	18.1	47.4	32.2	1.8
Item Mean	**3.33**				
Item S.D	**0.696**				

Source: Own survey & SPSS output (2021)

As presented in table 4.5 above, the first statement sought to establish the degree to which respondents agreed to work as hard as employees in other organization with similar remunerations. About 11.7% of the respondents disagreed, 35.7% of the respondents felt neutral and 52.6% of the respondents agreed or strongly agreed. However, in the remaining items in

table 4.5 above most respondents felt neutral about the statements related to the practice of employee motivation at the branch offices.

In general, as could be observed in table 4.5 above, the overall mean of the set of statements was 3.33. This implies that employees' are neither satisfied nor dissatisfied with the practice of employee motivation at the branch offices. The overall standard deviation for the item was less than 1.00, suggesting that the respondent's perception were similar.

4.2.5 Information Communication Technologies (ICT)

Automation based approaches have become an important vehicle for achieving efficiency in tax administration. Information communication technology tools can make tax administrations more effective by improving information flow, facilitating coordination, and improving the allocation of resources (Eric, 2015). The study also sought to establish the views of the respondents regarding the use of ICT tools at the offices and resulted are presented below.

Table 4.6: Respondents opinion about ICT

	Percent (%)				
	S.D	Disagree	Neutral	Agree	S.A
The office provides me with useful ICT trainings in the daily working procedures	1.2	14.8	28.1	48.5	7.8
The office provides online facility in my desk	1.2	8.8	34.5	41.5	14.0
The office regularly maintain our ICT infrastructures (digital devices, internet facility)		12.3	29.8	49.1	8.8
ICT tools are highly integrated to facilitate tax administration process	4.7	22.2	29.8	36.3	7.0
There are continuous efforts to introduce up to date technological tools that speed up tax administration process	2.3	16.4	26.9	48.0	6.4
The office has a well maintained and updated website	.6	12.3	31.6	52.6	2.9
Item Mean	**3.43**				
Item S.D	**0.879**				

Source: Own survey & SPSS output (2021)

Table 4.6 above presents opinions' of employees about the use of ICT tools at the offices. As it is presented in the table, in all the items in the above table most respondents agreed (in cumulative term), with the proposed statement concerning the issue. Moreover, the mean score value for the statements was 3.43. This implies that employees' opinion about se of ICT tools at the offices is above average.

4.2.6 Tax Administration Efficiency

Table 4.7: Respondents opinion Tax Administration Efficiency

	Percent (%)				
	S.D	Disagree	Neutral	Agree	S.A
In my view our tax system has an efficient collection process		4.7	34.5	50.9	9.9
Income generated from tax revenue by my office has been impressive due to efficient tax administration		1.8	34.5	52.0	11.7
My office has adequate infrastructures for efficient tax administration		4.7	31.0	50.3	14.0
The office has well trained staff for efficient tax administration		2.9	31.6	56.1	9.4
Tax administration is done within intended cost budget		9.9	37.4	44.4	8.2
Tax revenue collected in my office meets intended revenue target		9.9	37.4	41.5	11.1
Item Mean	3.68				
Item S.D	0.721				

Source: Own survey & SPSS output (2021)

Table 4.7 above presents opinions' of employees about the tax administration efficiency at the offices. As it is presented in the table, in all the items in the above table most respondents agreed (in cumulative term), with the proposed statement concerning the issue. Moreover, the mean score value for the statements was 3.67. This implies respondent employees believe that there is a good level of efficiency in the tax administration practices at the offices. This is reflected in the results presented in table 4.7 as it shows the tax administration practices at the offices has an

efficient collection process and is done within intended cost budget to collect intended revenue target.

4.2.7 Correlation Analysis

Correlations measure the direction and association between two variables. The correlation coefficient, which ranges from +1 to -1;a correlation coefficient of +1 describes a perfect positive relationship in which every change of +1 in one variable is associated with a change of +1 in the other variable. A correlation of -1 describes a perfect negative relationship in which every change of -1 in one variable is associated with a change of -1 in the other variable. A correlation of 0 describes a situation in which a change in one variable is not associated with any particular change in the other variable (Field, 2005). Accordingly, Person's rho correlation coefficient was employed to find out the relationship between the independent variables and the dependent variable.

To interpret the strengths of relationships between variables, the guidelines suggested by Field (2005) is followed. His classification of the correlation coefficient (r_{ho}) is as follows: if correlation coefficient (r_{ho}) is between 0.1 and 0.29 there is a weak correlation, if correlation coefficient (r_{ho}) is between 0.3 and 0.49 there is a moderate correlation and if correlation coefficient (r_{ho}) is greater than 0.5 there is a strong correlation. Table 4.6 exhibits the results of the correlation analysis made using correlation data analysis technique.

Table 4.8: Pearson's rho correlation coefficient

		Autonomy	Leadership	Training	Motivation	ICT
Autonomy	Pearson Correlation	1				
	Sig. (2-tailed)					
Leadership	Pearson Correlation	.197**	1			
	Sig. (2-tailed)	.010				
Training	Pearson Correlation	.441**	.665**	1		
	Sig. (2-tailed)	.000	.000			
Motivation	Pearson Correlation	.418**	.374**	.475**	1	
	Sig. (2-tailed)	.000	.000	.000		
ICT	Pearson Correlation	.318**	.680**	.692**	.437**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
Tax Administration Efficiency	Pearson Correlation	.326**	.733**	.706**	.507**	.705**
	Sig. (2-tailed)	.000	.000	.000	.000	.000

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

Source: Own Survey & SPSS output (2021)

As per table 4.8 above, Pearson Correlation Coefficient was used to assess the relationship among variables (independent and dependent variables). The result of the correlation coefficient show that all independent variables are positively related with dependent variable (Tax Administration Efficiency) within the range of 0.326-0.733 and all are significant at p<0.01 level.

As can be seen from the above table, Leadership formed the highest Pearson Correlation value of r = 0 .733, indicating that leadership has positive, strong and significant correlation with Tax Administration Efficiency. It was followed by Training (r_{ho} = 0.705) also interpreted to have positive and strong correlation with Tax Administration Efficiency. Information communication technology has a correlation value of r = 0.705, depicting that positive, strong and significant correlation with Tax Administration Efficiency. Employees Motivation also has a positive, strong and significant association (r = 0.507) with Tax Administration Efficiency. In contrast

Autonomy has a positive, moderate and significant correlation (r = 0.326) with Tax Administration Efficiency.

The above correlation result implies that the four of the above independent variables have positive and strong association with tax administration efficiency. In addition, the findings revealed that Autonomy has moderate, significant and positive relationship with tax administration efficiency. This implies there is significant association between the independent variables and tax administration efficiency (Leadership, Training, Motivation and ICT, indicating that they have an effect on tax administration efficiency.

Table 4.8 also shows the correlation of the independent variables within themselves. It can be noted that all variables are positively correlated with each other and all correlation among the independent variables were significant at $p<0.05$ level. The highest positive correlation goes between Training and ICT at $r_{ho=}$ 0.692, followed by Leadership and ICT at $r_{ho}=$ 0.680. As it can be seen in table 4.6 above, the three independent variables (Leadership, Training and ICT) exhibited a strong positive correlation among each other. Motivation exhibited a moderate positive correlation with the other four independent variables. Autonomy has a moderate positive correlation with Training, Motivation and ICT. However, the correlation between leadership and autonomy was a weak positive correlation at $r_{ho=}$ 0.197

4.3 Regression Analysis

4.3.1 Diagnostic Tests

Before to test the regression model and discussion of its result, diagnostic tests were carried out to make sure that the data fit the basic assumption or not. Test of normality and multi-co-linearity are conducted before regression was carried out.

4.3.1.1 Test of Zero Mean

According to Brook (2014), this assumption requires that the average value (mean) of the error is zero. In fact, if the constant term is included in the regression equation, this assumption will never be violated. Since there is a constant term (C) in the regression, the mean value of the errors is zero.

4.3.1.2 Test of Normality

Another important diagnostic test conducted in this paper is the normality assumption (i.e. normally distributed errors). According to (Park, 2006), Statistical methods are based on various underlying assumptions. One common assumption is that a random variable is normally distributed. In many statistical analyses, normality is often conveniently assumed without any empirical evidence or test. But normality is critical in many statistical methods.

Figure 4.1: Result of Normality Test
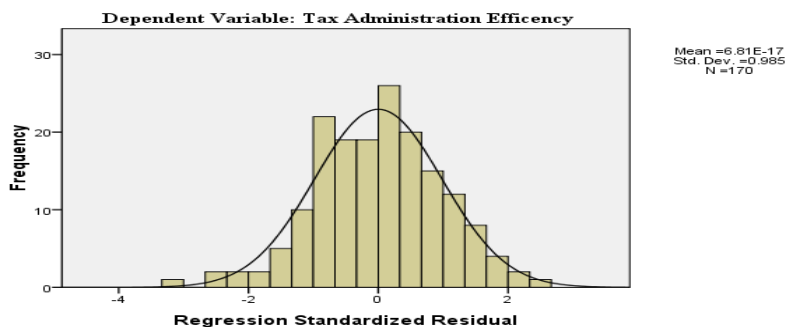
If the residual is normally distributed, the histogram should be bell shaped. And the figure above points has a bell shape which confirms that the model is free from normality problem.

4.3.1.3 Test of Heteroskedasticity

This assumption can be used to check whether the variance of error is constant or not. If the assumption of constant variance is violated, the standard error could be wrong and any inference made from them became misleading. In other word, if the errors do not have a constant variance, they are said Heteroskedastic (Brook, 2014).

To check Heteroskedasticity there are a number of methods are used, this study employed the visual inspection of residual scatter plot graph. The residual scatter plot is a figure that depicts one axis for the standardized residuals and the other axis for the predicted values. If the Heteroskedasticity assumption is met, the standardized residuals will scatter randomly around a horizontal line which represents the standardized residuals equaling zero (Stevens, 2009).

Based on the Scatter plot output in figure 4.2 below, it appears that the spots are diffused and do not form a clear specific pattern. So it can be concluded that the regression model does not occur Heteroskedasticity problem.

Figure 4.2: Heteroskedasticity Test

Dependent Variable: Tax Administration Efficency
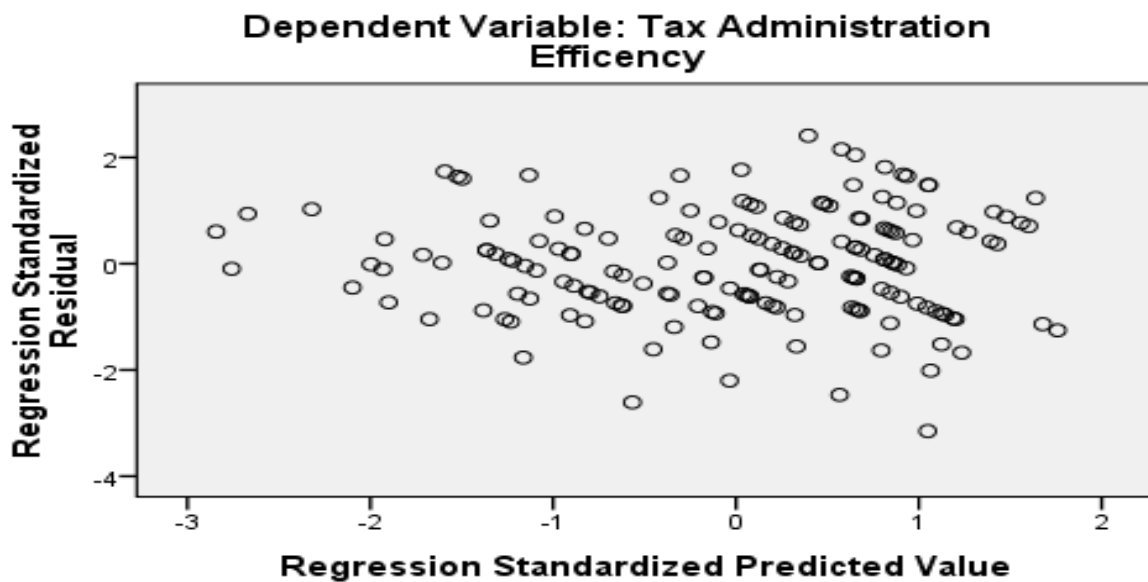
Source; SPSS output (2021)

4.3.1.4 Test of Multicollinearity

Multicollinearity means that there is a linear relationship between explanatory variables which may cause the regression model biased. It is used to check whether there is a linear relationship between explanatory variables included in the model. If such relationship is there, the regression model could be biased. The primary concern for this test is that as the degree of Multicollinearity increases, the regression model estimates of the coefficients become unstable and the standard errors for the coefficients can get wildly inflated (Gujarati, 2003).

This can be done by checking the value of Pearson correlation coefficient among predictor's variables. If Pearson correlation coefficient (r) value among predictors are below <0.9, there is

no substantial correlation between predictor variables so there is no multi-co linearity problem (Field, 2006).

As shown in table 4.9 below, all the Pearson correlation coefficient values (r) between predictors are below 0.90. Therefore, this study is free from multi co linearity problem.

Table 4.9: Result of Multicollinearity Test

	Autonomy	**Leadership**	**Training**	**Motivation**	**ICT**
Autonomy	1				
Leadership	.197	1			
Training	.441	.665	1		
Motivation	.418	.374	.475	1	.
ICT	.318	.680	.692	.437	1

Source; SPSS output (2021)

4.3.2. Regression Results

4.3.2.1 Determination of the Model Goodness of Fitness

Table 4.10: Model summary

Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	.820[a]	.672	.662	.28747
a. Predictors: (Constant), ICT, Autonomy, Motivation, Leadership, Training				
b. Dependent Variable: Tax Administration Efficiency				

Source; SPSS output (2021)

From the above table 4.10, It can be observed that the coefficient of determination i.e. the adjusted R-square (R^2) value is 0.662, representing 66.2% variation of the dependent variable (Tax Administration Efficiency) is due to the independent variables; ICT, Autonomy, Motivation, Leadership, Training while, the remaining 23.8% could be due to the effect other of extraneous variables that were not considered in this study. Furthermore, the R- Value suggested that there is a strong effect of these independent variables on Tax Administration Efficiency.

4.3.2.2 Analysis of Variance (ANOVA)

Table 4.11: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	27.826	5	5.565	67.342	.000[a]
	Residual	13.553	164	.083		
	Total	41.379	169			
a. Predictors: (Constant), ICT, Autonomy, Motivation, Leadership, Training						
b. Dependent Variable: Tax Administration Efficiency						

The F-ratio in the ANOVA (Table 4.11) tests whether the overall regression model is a good fit for the data. The table shows that the independent variables can significantly predict the dependent variable, $F (5, 1 64) = 67.342$, p (.000) < .05 (i.e., the regression model is a good fit of the data).

4.3.2.3 Determination of Coefficients

Table 4.12: Coefficients

Model		Un standardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.680	.205		3.313	.001
	Autonomy	.013	.052	.014	.260	.795
	Leadership	.268	.050	.361	5.383	.000
	Training	.234	.071	.239	3.270	.001
	Motivation	.178	.064	.149	2.777	.006
	ICT	.189	.057	.225	3.285	.001
a. Dependent Variable: Tax Administration Efficiency						

Source; SPSS output (2021)

In order to establish the impact that each independent variable has on the dependent variable, the study checked the Un-Standardized Coefficients. As indicated in the above table 4.12, all except Autonomy of the independent variables were significant at P-values less than 0.05 indicating that the four independent variables considered are statistically significant. However, Autonomy has insignificant (p=0.795) influence on Tax administration.

From the above model summary table 4.12, the regression equation is:-

Y= + 0.680+ 0.013X1 + 0.268 X2 + 0.234 X3 + 0.178X4+ 0.189 X5 + Ei

Where:

X1 = Autonomy,

X2 = Leadership,

X3 = Employees Training,

X4 = Employees' Motivation,

X5 = ICT use

Ei = Error term

Furthermore, the standardized coefficients are useful to know which of the different independent variables is more important. They are used in comparison of impact of any independent variable on the dependent variable. As indicated in the regression coefficients table 4.11, leadership had the highest standardized coefficient (0.361) followed by training (0.239), ICT (225) and Motivation (149). This explains that leadership has higher relative effect on tax administration efficiency.

4.4 Hypothesis Testing and Discussions

The above section of this chapter presents the overall results of the study. In this section of the study, the researcher presents a further detail discussion on each of the signs and significant relationship between the dependent variable and explanatory variables.

4.4.1 Autonomy and Tax Administration Efficiency

The regression test of relationship between the level of autonomy and tax administration efficiency was conducted to come up with an insight on the impact of autonomy and tax administration efficiency. Based on the regression results, level of autonomy is positively (Beta = .013) associated with tax administration efficiency but it is statistically insignificant (P=.795).

This result is inconsistent with studies by Jelil (2017) and Turkel and Turkel (2015) who showed a positive and significant relationship between of autonomy and administration efficiency. However, the positive sign can be justified by the mentioned studies who stated that autonomy positively affects organizational performance in terms of policy efficiency, freedom, confidence and knowledge about the barriers to overcome.

This result is somewhat inconclusive and doesn't necessarily mean autonomy is not vital for tax administration efficiency. Rather it implies that currently this variable is not a significant contributor to tax administration efficiency at the sampled offices. There is ample empirical evidence that autonomy positively affected organizational efficiency in terms of policy efficiency, freedom, confidence and knowledge about the barriers to overcome.

4.4.2 Leadership and Tax Administration Efficiency

Based on the regression results, leadership is positively (Beta = .268) associated with tax administration efficiency and it is statistically significant (P=.000). This result implies that a positive change in the quality of leadership results an improvement in tax administration efficiency. Hence, based on the findings of the regression analysis, leadership quality is one of the major reasons behind attaining expected efficiency in tax administration.

According to Robbins (2001), leadership has the capacity to impact the conduct of a gathering, and hence, influencing the accomplishment of organizational objectives. The result of the study is consistent with the consensus among researches in the area that stipulated leaders, managers and supervisors play a vital role to boost the morale of the employees in various organizational settings and can have a positive effect on organizational administration efficiency (Savareikiene, 2014; Wright, Christensen, and Isett, 2013). Moreover, studies by Shagari (2014 and Muaen (2016) have also showed a positive association between leadership and tax administration

efficiency in particular. The results in the study and the above discussions shows that leadership that considers employees input, that pin areas of improvement and that gives recognition for better performance will encourage employees motivation and can positively affect tax administration efficiency.

Based on this result, the hypothesis formulated at the start of the study is accepted.

i.e. *H2: Leadership positively and significantly affects tax administration efficiency*. (Accepted)

4.4.3 Employee Training and Tax Administration Efficiency

The regression result of this study points that training is positively (Beta = .189) associated with tax administration efficiency and it is statistically significant (P=.001). So, having the right strategy of training has positive and significant effect on tax administration efficiency.

This result support the consensus among researchers, who stated that training provides benefits to the all stakeholders involved in the organization. It is revealed in many researches that the trained employees were more productive than untrained employees, hence increasing organizational efficiency. It is stated the trained employees of organizations like tax administration bureaus perform their tasks more efficiently in time which reduces the need to hire more employees. It is argued in a number of studies (Shen, 2014; Gintis, 2014; Bishop, 1994 and Asencio, 2016) that investment in training the employees for teamwork, decision-making and interpersonal relationship results in employees' productivity and performance which ultimately lead towards organizational efficiency.

Based on this result, the hypothesis formulated at the start of the study is accepted.

i.e. *H3: Employees' Training positively and significantly affects tax administration efficiency*. (Accepted)

4.4.4 Employee Motivation and Tax Administration Efficiency

The results obtained from the study indicated, a positive (Beta=0.178) and significant (P =0.006) relationship between employee motivation and tax administration efficiency. Based on this; holding other things constant; an increases in employees' motivation results an increase in tax administration efficiency.

The result is consistent with the studies of Belfield and Marsden (2003), Peters (2010) and Solomon et al. (2013), who all concluded that motivated employees are vital to enhance service delivery and improve organizational performance.it is stated that motivated employees are vital to enhance service delivery and improve organizational performance. Motivation is important to an organization because it increases the performance level of employees, decreases employees turnover and absenteeism which then helps to reach expected level of efficiency in organizations.

Based on this result, the hypothesis formulated at the start of the study is accepted.

i.e. *H4: Employees' Motivation positively and significantly affects tax administration efficiency*. (Accepted)

4.4.5 Information Communication Technology and Tax Administration Efficiency

Based on the regression results, the information communication technology has positive (B= .291) effect on tax administration efficiency and was statistically significant (P=.001). This shows utilizing appropriate information communication technology has significant effect on tax administration efficiency.

This result is consistent with the findings of Blair (2016) which revealed that the use ICT enhances service delivery and increases administration efficiency of government organizations. Furthermore, several studies (Eric, 2015; Engman, 2005; Efunboade, 2014 & Oluwafemi, 2015) have showed that the use of ICT facilitates effective and efficient communication regardless of time and distance, assist organizations to manage data efficiently, reduces costs and saves time and helps organizations to generate accurate financial information for effective performance.

Based on this result, the hypothesis formulated at the start of the study is accepted.

i.e. *H5:* Information Communication Technology *positively and significantly affects tax administration efficiency*. (Accepted

Table 4.13: The Summary of expected and actual signs of independent variables.

Independent Variables	Expected sign effect	Actual effect	Hypothesis status
Autonomy	Positive and Significant	Positive and In Significant	In conclusive
Leadership	Positive and Significant	Positive and Significant	Accept
Employees' Training	Positive and Significant	Positive and Significant	Accept
Employees' Motivation	Positive and Significant	Positive and Significant	Accept
ICT	Positive and Significant	Positive and Significant	Accept

Source: Researcher Compilation

CHAPTER FIVE

5. SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

This study was intended to investigate the effects of autonomy, leadership, employee training, employee motivation and information communication technology have on tax administration efficiency in the case of selected Addis Ababa small taxpayers branch offices. In this chapter is intended to draw the summary of major findings, conclusions and recommendations are presented.

5.1 Summary of Major Findings

To meet the objectives of the study the study collected primary data from sampled employees who work at Yeka, Bole and Arada small taxpayers' branch offices. The data collected was analyzed by using descriptive statistics, inferential statistics and multiple regressions. Based on the results of the study the summary of major findings are as follows.

The findings from the descriptive analysis in the study revealed that the majority of the employees agreed that there was a good level of autonomy exercised at the branch offices. The results in the study also showed a satisfaction among employees with regard to the status of leadership and ICT at the offices. In contrast, results showed employees' opinion about the status of training and motivation at the branch offices is close to neutral.

Furthermore, Pearson Correlation Coefficient was used to assess the relationship among variables (independent and dependent variables). The correlation results showed four of the five independent variables (leadership, employee training, employee motivation and information communication technology) have a positive, strong and significant relationship with tax administration efficiency. Results showed autonomy has a positive, moderate and significant correlation with Tax Administration Efficiency.

Furthermore, a multiple regression was run to predict the effects of autonomy, leadership, employees' training, employees' motivation and information communication technology on tax administration efficiency. The model statistically significantly predicted tax administration

efficiency. Out of the five independent variables four variables (leadership, employee training, employee motivation and information communication technology) added statistically significance to the model. The highest contributing predictor was leadership (0.268) followed by training (0.189), ICT (0.189) and Motivation (0.178). Results presented in the study showed that autonomy has insignificant association with tax administration efficiency.

Based on the regression results, leadership is positively (Beta = .268) associated with tax administration efficiency and it is statistically significant (P=.000). This result implies that a positive change in the quality of leadership results an improvement in tax administration efficiency.

The regression result of this study also pointed out that training is positively (Beta = .234) associated with tax administration efficiency and it is statistically significant (P=.001). So, having the right strategy of training has positive and significant effect on tax administration efficiency. It is stated that trained employees of organizations like tax administration bureaus perform their tasks more efficiently in time which reduces the need to hire more employees.

In addition, results obtained from the study indicated, a positive (Beta=0.178) and significant (P =0.006) relationship between employee motivation and tax administration efficiency. Based on this; holding other things constant; an increases in employees' motivation results an increase in tax administration efficiency.

Furthermore, based on the regression results, the information communication technology has positive (B= .189) effect on tax administration efficiency and was statistically significant (P=.001). This shows utilizing appropriate information communication technology has significant effect on tax administration efficiency. Information communication technology tools can make tax administrations more effective by improving information flow, facilitating coordination, and improving the allocation of resources.

5.2 Conclusions

The study's objective was to determine the effects of autonomy, leadership, employee training, employee motivation and information communication technology have on tax administration efficiency. Results showed autonomy has a positive and insignificant effect on tax administration

efficiency. Even if the correlation analysis results shows significant, the effect of autonomy on tax administration efficiency in coefficient results of the regression analysis was found to be insignificant. However, the positive sign indicates autonomy positively affects organizational performance in terms of policy efficiency, freedom, confidence and knowledge about the barriers to overcome.

The other predictor variable considered in this study was leadership style. The findings of the regression analysis showed leadership to be one of the major reasons behind attaining expected efficiency in tax administration. It showed a positive and significant association between leadership and tax administration efficiency. This result would imply the need to follow a leadership style that considers the situation of the company like nature of the task, the culture, objectives, availability of recourses and also the general environment. The result obtained from this study about the effect of leadership on tax administration efficiency is consistent with the consensus among researches in the area that stipulated leaders, managers and supervisors play a vital role to boost the morale of the employees in various organizational settings and can have a positive effect on organizational administration efficiency. From this result and the literature reviewed in the study it can be said that leaders are vital for developing the vision of the organization and motivating organizational members to achieve its vision.

As shown in the regression results, training has a positive and significant effect on tax administration efficiency. This is consistent with the result of several studies which found out organization without viable training programs would fail to provide employees with frequent opportunities to practice and enhance their capabilities, which ultimately affect the performance of the organization. According to the literatures reviewed, training is a planned process to modify attitude, knowledge or skill behavior through learning experience to achieve effective performance in an activity or range of activities. It is a learning process that impacts on knowledge and skills of the employees and enables the employees to perform their tasks better. It is stated the trained employees of organizations like tax administration bureaus perform their tasks more efficiently in time which reduces the need to hire more employees. So, it is imperative for tax offices to provide training to employees in order to encourage, test, and inspire them to perform the role in the organization to the finest of their capability.

Moreover, results showed that motivation has a significant positive effect on tax administration efficiency. Thus, it can be concluded that a positive change in motivational practice can bring positive improvement on tax administration efficiency. This result is in line with the concept that motivated employees are vital to enhance service delivery and improve organizational performance. From this it can be said that motivation is important to an organization because it increases the performance level of employees, decreases employees turnover and absenteeism which then helps to reach expected level of efficiency in organizations.

Furthermore, the results presented in the study showed ICT has a positive and significant effect on tax administration efficiency. From this it can be said that the use of IT enhances innovation, , productivity and performance of the tax authorities, thus increasing efficient practices. In addition, the use of ICT facilitates effective and efficient communication regardless of time and distance, assist organizations to manage data efficiently, reduces costs and saves time and helps tax offices to generate accurate financial information for effective performance. Information communication technology tools can make tax administrations more effective by improving information flow, facilitating coordination, and improving the allocation of resources

5.3 Recommendations

The study recommends the following points based on the findings;

Leadership has the capacity to impact the conduct of a gathering, and hence, influencing the accomplishment of organizational objectives. This study has demonstrated that leadership has a positive effect on tax administration efficiency. It is noted that leaders of an organization effectively set goals and establish priorities to improve work method to achieve the expected results. It is the leaders in organizations who set the strategies and has the power to influence employees and organizational outcomes. Hence, it is important for those in authority to maintain good working relationship with employees. And building on this working relationship, they can positively influence guide and coach employees. Leaders at the offices should be encourage to be flexible in accordance of the specific environment they operate which demands familiarizing themselves with the nature of the work and the needs of their employees at their offices,

Based on the findings of the study and above conclusions the effect of Information and communication Technology on the efficiency of tax administration is significant. Therefore, tax

offices should adequately grasp the role of Information and communication Technology in their operational performance and keep synthesizing technological innovations in their strategies and day-to-day operation. The offices should introduce new and better e-payment systems that can facilitate and increase the tax collection and administration process. Moreover, they should adopt an integrated taxpayer file system (e-file) in order to make it easier to deal with taxpayer profiles and information and provide better service for taxpayers.

Results in the study showed training to be a significant positive predictor of tax administration efficiency. However, the results in the descriptive analysis showed respondents to be neutral in their response related to training questions. Based on this, the study suggests t tax offices to engage in increasing the qualities and quantities of the training program they offer their employees. The frequency and quality of the training programs offered can be increased by creating a link with external bodies such as educational institution, industry controlling body or training institutions or internal bodies such as in house trainings developed by the authority itself. This can lead to increased performance of employees' which helps to make best use of available human resources and increase administration efficiency.

Motivation was also found to have a significant positive effect on tax administration efficiency. For this reason, having recognition and promotion programs that regularly consider to recognize good job performers would result in an increased performance and efficiency. Therefore, the Revenue Offices should develop clear applicable performance measurement systems and offer incentives for better performers. By doing this, the office can motivate those role model employees at a level adequate to attract and retain skilled, knowledgeable, experienced and competent individual in the revenue sector to achieve its efficiency and effectiveness in tax administration.

REFERENCES

Abiola, J. and Asiweh, M. (2013). Impact of Tax Administration on Government Revenue in a Developing Economy. *International Journal of Business and Social Science*, vol. 3, no. 8.pp. 180-217.

Alabar, T., and Agema, J. (2014). "Information and Communication Technology and Customer Satisfaction in the Nigerian Banking Industry. *Journal of Advanced Management Science,* vol, 2, no. 4.pp. 80-132.

Allison, R. (2016). "From Oversight to Autonomy." Social Currents, vol. 4, no. 1, pp. 71-86.

Asencio, A. (2016). Leadership, trust, and job satisfaction in the public sector: A study of US federal employees. *International Review of Public Administration,* vol. 21, no. 3, pp. 250-267.

Asian Development Bank. (2016). A Comparative Analysis of Tax Administration in Asia. *International Journal of Economics, Commerce and Management United Kingdom; Vol. IV, Issue 9.*

Besley, T. and Persson, T. (2016). Why developing countries tax so little? *Journal of Business & Economic Studies*, 15 (1), 82-97.

Bird, R. (2007). Tax Challenges Facing Developing Countries: A Perspective from Outside the Policy Arena. *International Journal of Business and Management.* 6(3), 12-36.

Broer, M. (2008). Tax Autonomy for Corporation Tax and Strategic Behav-or of the City-States: An Empirical Analysis. *SSRN Electronic Journal*.

Dalton, H. (1922). Principles of Public Finance. Allied Publishers.

Efunboade, A. (2014). Impact of ICT on Tax Administration in Nigeria. Computer Engineering and Intelligent Systems, vol. 5, no. 8, pp. 26–30.

Gatchair, S. (2015). Ideology and Interests in Tax Administration Reform in Jamaica. Politics & Policy, vol. 43, no. 6, pp. 887-913.

GTZ – German Technical Cooperation, (2010). Addressing tax evasion and tax avoidance in developing countries.

Gurama, L. and Mansor, T. (2015). Determinants of Tax Compliance Behavior in Ethiopia: The Case of Bahir Dar City Taxpayers. *Journal of Economics and Sustainable Development, 5*, 268-272.

Hasseldine, J. and Li, Z. (1999). More Tax Evasion Research Required in New Millennium. Crime, Law and Social Change, 31 (1), 91-104.

Jelil, A. (2017). "Multiplicity of Taxes and Foreign Direct Investment: A Relational Analysis of Nigerian Tax Environment." Social Sciences, vol. 6, no. 4, pp. 91.

Kangave, K. (2005). Improving Tax Administration: A Case Study of the Uganda Revenue Authority. Journal of African Law. Uganda.

Shen, L. (2014). "Reference Desk Employees Need Both Research Knowledge and Technical Skills for Successful Reference Transactions." Evidence Based Library and Information Practice, vol. 9, no. 4, pp. 55.

Marcus, T. and Shoham, S. (2014). "Knowledge Assimilation by Employees in Learning organizations." The Learning Organization, vol. 21, no. 6, pp. 350-368.

Markos, A, (2010). VAT Administration and revenue Performance: Challenges and Opportunities in ERCA Mekelle Branch office. A Thesis submitted to Accounting and Finance Department Mekelle University.

Mesele, K. (2016). Problems Associated with Tax Payers and Revenue Authority in Case of Dessie Town, Northern Ethiopia. Journal of Poverty, Investment and Development, 25, 3 2-34.

Milliron, V. (1985). An Analysis of the Relationship between Tax Equity and Tax Complexity, the Journal of the American Taxation Association, 19 – 33.

Misrak, T. (2008). Ethiopian Tax Accounting Theory and Principle.1sted, Addis Ababa: Ethiopia.

Mulat, S. (2011). Business Income Tax Administration: Challenges and Opportunities in Bahir Dar City Administration in Amhara Regional State. Master's Thesis Submitted to Ethiopian Civil service University: Ethiopia.

Muaen, M. (2016). Determinants of Tax Administration Efficiency in Libya. Master Dissertation, University Utara Malaysia.

OECD. (2011). Efficiency of tax administration, in government at a glance 2011, OECD Publishing.

Odingo, D. (2011). Impact of Taxes on Performance of Small-Scale Business Enterprises. Uganda: Makerere University.

Ogbonna, G.N. (2011). Burning issues and challenges of the Nigerian tax systems with analytical emphasis on petroleum profit tax.

Olatunji, O.C., Taiwo, O.A., & Adewole, J.O. (2009). A review generation in Nigeria local government: A case study of Ekiti state. International Business Management, 3 (3), 54-60.

Rahman, A. (2009). Investment climate in practice: Tackling corruption through tax administration reform.

Shagari, B. and Lynch, M. (2001). "How to Compete: the Impact of Workplace Practices and Information Technology on Productivity." Review of Economics and statistics, vol. 83, no. 3, pp. 434-445, 2001.

Shagari, S. L. (2014).Determinants of tax administration efficiency: A study of Bauchi State, Nigeria Doctoral Dissertation, University Utara Malaysia.

Tanzi, V. and Howell, Z. (2001).Tax Policy for Developing Counties. Washington D.C.

Tadesse, G. and Goitom, A. (2014). Factors influencing taxpayers' compliance with the tax system: An empirical study in Mekele city, Ethiopia. Journal of tax research, Vol. 12 No.2, pp. 433-452.

Turkel, G. and Turkel, E. (2016). "Public Value Theory: Reconciling Public Interests, Administrative Autonomy and Efficiency." Review of Public Administration and Management, vol. 4, no. 2.

Wart, V. (2014). Administrative leadership theory: A reassessment after 10 years. Early View, vol. 91, no. 3, pp. 521-543.

Werner, P. and Weck-Hannemann, H. (2006). "Tax Rates, Tax Administration and Income Tax Evasion in Switzerland." Public Choice, vol. 88, no.1-2, pp. 161 -170, 2006.

Zakariyau, G. and Dr. Muzainah, M. (2015).Tax Administration Problems and prospects: A case of Gambo State: International Journal of Arts and commerce Vol.4 No.2.

ANNEX 1

St. Mary University

School of Postgraduate Studies

(Questionnaire filled by employees of Selected Addis Ababa Small Taxpayers' Branch Offices on Factors Affecting Efficiency of Tax Administration)

Dear Respondent,

I am Mendarin Amanuel, a post graduate student at St. Mary University. This questionnaire is prepared in order to conduct a study for the partial fulfillment of the requirements for the Award of a Master's Degree in Accounting and Finance at the University. The title of the research work is, *"Factors Determining Tax Administration Efficiency: In the case of Selected Addis Ababa Small Taxpayer's Branch Offices."* Hence, to gather information, I kindly request your assistance in responding to the questions listed below. Any information you present will be kept absolutely confidential and will only be used for academic purpose. Your cooperation and prompt response will be highly appreciated.

NB

- Writing your name is not necessary

- Please put **"X"** for your choice in the box

Part I. General background of the employee

1. Sex/Gender/: Male (_____) Female (_____)

2. Age (in year): 20 to 30 (____), 31to 40 (____), 41 to 50 (___), above 50 (____)

3. Level of education: TVET certificate (__), Diploma (___), Bachelor's Degree (__),

Master's Degree (_____) or others specify_____

4. Work experience; Below 5yrs (_____), 6-10 yrs (_____), 11-20yrs (_____),

Above 20 yrs (_____)

Part 2 Questions related to the study

Answer the following questions and put "X" in the box that is given in each of the cell below

The values of scales are

5= strongly agree, 4= Agree, 3= Neutral, 2= Disagree, 1= strongly disagree

No	Question	1	2	3	4	5
	Questions related to Autonomy					
1	our tax administrative structure has autonomy					
2	The office of has autonomy in recruitment and dismissal of staff					
3	The branch has appropriate powers of access to information held by the taxpayer and other parties					
4	The office takes most of the decisions itself after consulting the Ministry of Revenue					
5	The office has autonomy in budget preparation and implementation					
	Questions related to Leadership Style					
6	Managers in the office listen to team members' point of views before taking decisions.					
7	My manager gives me with insightful suggestions on what I can do to improve.					
8	Managers in the office make decisions that promote our team's performance and productivity.					
9	Managers in the office have a good working relationship with employees					
10	Managers in the office spend time to guide and coach their assistants.					
	Questions related to Employees' Training					
11	The office provides ongoing trainings and development courses to improve employees' capacity					
12	The office provides effective awareness creation trainings on tax laws to tax officers.					
13	The office provides initial training for new employees.					
14	The tax office has policies for training of tax officials					
15	There is a continuous professional development activities (such as professional association sponsored programs and correspondence courses) provided for the employees at the office					
16	Adequate short-term training is arranged for tax officers					
17	Administrations use knowledge-sharing initiatives to help increase the capability of staff through the sharing of best practice, techniques, learning and experiences.	.				
	Questions related to employees' Motivation					
18	I have been motivated by my organization to put my best effort in my job done					

19	I have been remunerated for staying beyond the working hours to finish my daily routine task					
20	Employees in my organization work as hard as employees in other organization with similar remuneration					
21	I have been motivated by my organization to do extra work for my job that isn't normally expected for me					
22	Non monetary incentives are provided in order to motivate employees.					
23	Employees are encouraged to feel that the work they do makes important contributions to the larger aims of the tax office.					
	Questions related to ICT use					
24	The office provides me with useful ICT trainings in the daily working procedures					
25	The office provides online facility in my desk					
26	The office regularly maintain our ICT infrastructures (digital devices, internet facility)					
27	The office has a well maintained and updated website.					
28	There are continuous efforts to introduce up to date technological tools that speed up tax administration process					
29	ICT tools are highly integrated to facilitate tax administration process					
	Questions related to tax administration efficiency					
30	In my view our tax system has an efficient collection process					
31	Income generated from tax revenue by my office has been impressive due to efficient tax administration					
32	My office has adequate infrastructures for efficient tax administration					
33	The office has welltrained staff for efficient tax administration					
34	Tax administration is done within intended cost budget					
35	Tax revenue collected in my office meets intended revenue target					