
Taxation Policy On The Performance Of Local Government In Uganda: A Case Study Of Entebbe, Wakiso District

Nabukenya Jauharah¹, Kirwisa Matovu²

1, 2 Metropolitan International University

Abstract

This research delved into the intricate dynamics of taxation policies, regulations, and local government performance in Entebbe, Wakiso District, Uganda. Employing a mixed-methods approach, the study garnered insights from 57 key stakeholders directly involved in local governance through structured questionnaires and in-depth interviews. The analysis of participants' responses on the relationship between various policies and local government performance underscores a consensus on the positive impact of aligned fiscal policies with local development priorities. Similarly, findings regarding the relationship between regulations and local government performance emphasize the crucial role of compliance in enhancing service delivery and accountability. The study also sheds light on the significance of streamlined taxation implementation practices for bolstering fiscal responsibility and overall local government performance. In discussing these findings, the research situates itself within the context of existing literature, emphasizing the unique nuances of Entebbe, Wakiso District. The implications for policymakers, local government practitioners, and avenues for future research are explored, providing actionable insights for transparent governance practices in alignment with community development objectives. This study concludes by highlighting its contribution to the scholarly discourse on governance, public finance, and policy analysis. Recommendations are made for policymakers to refine regulations and formulate evidence-based policies, while the study identifies areas for future research to deepen the understanding of the intricate relationships between taxation policies and local governance dynamics.

Keywords: Taxation Policy, Performance and Local Government

Background of the study

A conceptual perspective adds another layer of understanding to the interplay between historical tax policy and local government performance in Uganda. Bird's (2014) conceptual framework broadens our view of tax policy beyond mere revenue generation to include its wider economic, social and development implications (Gibson et al., 2023). This framework allows us to appreciate taxation as a tool not only for financing government operations, but also for promoting equitable growth, reducing inequality, and promoting community well-being (Jacob & Sarah, 2023). In the Ugandan context, this conceptual lens highlights the multifaceted nature of the impact of tax policy on local government performance, which goes beyond immediate financial consequences to include broader social and developmental

outcomes (Tasha et al., 2023). By integrating Bird's framework with the historical trajectory of tax policy, we gain insight into the lasting consequences of historical decisions (Robert et al., 2023). During colonial times, tax policies were often designed only to raise revenue, maintain economic disparities and marginalize (Ramadhan et al., 2023). Bird's conceptual framework allows us to critique this historical approach and highlight the importance of tax policies that are consistent with broader development goals. This becomes particularly relevant as post-independence Uganda has sought to establish its own governance structures and pursue economic growth and community development. Analyzing historical tax policies using Bird's conceptual lens provides a comprehensive understanding of how these policies shaped not only fiscal

Received: 18.03.2024

Accepted: 23.03.2024

Published on: 30.03.2024

landscapes but also the socio-economic fabric of local communities (Ntirandekura & Christopher, 2022a).

The conceptual perspective presented by Bird's framework enriches our investigation of the impact of historical tax policies on local government performance. By incorporating Bird's broader perspective on the role of taxation in social development, we delve into the complexities of how tax policies have affected the dynamics of local governance beyond mere revenue generation (Paul et al., 2023). This perspective is consistent with the historical trajectory and shows the evolution from exploitative tax practices to more inclusive and development-oriented approaches. Understanding the conceptual dimension of tax policy provides a comprehensive understanding of its enduring implications for the performance of local government in Uganda (Kazaara & Christopher, 2023). A contextual perspective reveals the unique setting of Entebbe in Wakiso District, Uganda, as a microcosm through which to examine the impact of historical tax policy on local government performance. Historically known as a major administrative and economic center, Entebbe offers a specific context that reflects broader trends in the nation's governance and development. Its geographical location, proximity to the capital and historical significance add to its relevance as a case study (Christopher et al., 2022). The economic and demographic landscape of Wakiso District further highlights the importance of the Entebbe study. As one of Uganda's most populous and economically vibrant

Problem Statement

The complex relationship between tax policy and local government performance in Uganda, with particular focus on Entebbe in Wakiso District, gains clarity through the lens of theoretical, conceptual and contextual perspectives (William & Sarah, 2023). This holistic survey reveals several challenges and gaps that underline the importance of conducting this study. While existing research has touched on elements of tax policy and local governance, there is a significant gap in comprehensive research that examines how theoretical frameworks, conceptual perspectives and contextual factors intertwine to shape the

districts, Wakiso epitomizes the complexities that local governments face in managing urbanization, service delivery and resource allocation (Samuel et al., 2023). The dynamic interplay between the local economy, administrative structures and historical tax policy makes Wakiso an ideal backdrop for exploring the complex relationship between tax policy and local government performance. In addition, the contextual perspective includes Uganda's current socio-political environment. The country's journey from colonial rule to independence and subsequent democratic governance provides a backdrop against which to assess the impact of tax policy on local government performance (Tasha et al., 2023). Uganda's pursuit of sustainable development, good governance, and equitable distribution of resources adds layers of meaning to the study of how historical legacies in taxation continue to shape the functioning of local governance and community well-being (Ntirandekura & Christopher, 2022b).

A contextual perspective summarizes the unique attributes of Entebbe, Wakiso District and the wider socio-political environment of Uganda. Together, these attributes create fertile ground for examining the enduring effect of historical tax policy on local government performance (Emmanuel et al., 2023). By anchoring the study in this context, we can uncover insights that contribute not only to academic discourse but also to development and governance efforts in Uganda.

Received: 18.03.2024

Accepted: 23.03.2024

Published on: 30.03.2024

operational capacity and effectiveness of local governments (Robert et al., 2023). . This gap leaves a significant knowledge deficit in understanding how these interconnected components influence the current performance of local governments. In addition, Uganda's evolving socio-economic and political context calls for a close examination of how tax policy affects the operational aspects of local government. As Uganda pursues equitable development, current literature lags in how theoretical frameworks, conceptual implications (Christopher et al., 2022) and contextual factors align with current governance goals. The complex challenges posed by urbanisation, service delivery and resource allocation within districts such as Wakiso remain underexplored, limiting the formulation of targeted policies that effectively address the challenges facing local governments within their theoretical, conceptual and contextual settings. The proposed study seeks to bridge these gaps and address these challenges by conducting a rigorous analysis of the impact of theoretical frameworks, conceptual perspectives and contextual factors on local government performance in Entebbe, Wakiso District (Annet et al., 2023). By seamlessly integrating these different perspectives, this research seeks to offer a comprehensive understanding of the complexities surrounding tax policy and its impacts on local governance. Through careful identification of theoretical intersections, conceptual implications, and contextual relevance, this study aims to develop a comprehensive framework that yields informed policy recommendations, thereby supporting enhanced local government operations and facilitating equitable community development.

Specific objective

1. To determine the relationship between various policies and performance of Entebbe, Wakiso District.
2. To determine the relationship between regulations and performance of Entebbe, Wakiso District.
3. To determine the relationship between taxation implementation practices and performance of Entebbe, Wakiso District.

Methodology

A mixed methods research design combining both quantitative and qualitative approaches was adopted for this study. The quantitative phase involves the use of structured questionnaires to collect data on tax policy, regulations and their impact on local government performance. The qualitative phase uses in-depth interviews with selected key informants, including local government officials, policy makers and industry experts. The study population consists of individuals directly involved in local governance, including local government officials, politicians and experts knowledgeable about tax policies and regulations in Entebbe, Wakiso District. A total of 80 respondents were targeted for data collection. A sample size of 60 respondents was selected from the studied population. Selection was based on purposive sampling, which ensured representation of key stakeholders with valuable insights into the research problem. This approach allows for the inclusion of individuals who have a deep understanding of tax policies, regulations and their implications for the performance of local government.

Purposive sampling was used to identify and select respondents who have relevant expertise and knowledge in local government and taxation. Potential participants were identified based on consultations with local government authorities and experts in the field. Selected individuals were invited to participate in either a structured questionnaire survey or in-depth interviews, based on their availability and willingness to contribute to the study. Quantitative data were collected using

Received: 18.03.2024

Accepted: 23.03.2024

Published on: 30.03.2024

structured questionnaires developed based on existing literature and research objectives. These questionnaires were designed to capture respondents' views on tax policy, regulations and local government performance. Qualitative data were collected through in-depth interviews where open-ended questions allowed for a deeper exploration of participants' perceptions and experiences. Quantitative data were analyzed using descriptive statistical techniques, including frequencies, percentages, and means. Qualitative data from the interviews underwent thematic analysis, which involved identifying and categorizing key themes and patterns in the data. The integration of quantitative and qualitative findings provided a comprehensive understanding of the relationship between tax policy, regulations and local government performance. Data were analyzed as informative tables, frequencies and percentages using SPSS & STATA (Nelson et al., 2022)

RESULTS

Relationship Between Various Policies and Performance of Entebbe, Wakiso District

Table 1: Between Various Policies and Performance of Entebbe, Wakiso District

No. Statement	SA(5)	A(4)	N(3)	D(2)	SD(1)	Total	Mean	Stddev
The existing taxation policies positively impact local government performance.	15	32	5	3	2	57	3.98	0.81
Regulatory frameworks effectively support local government operations.	12	30	8	5	2	57	3.79	0.95
Taxation policies are well-aligned with the development priorities of Entebbe, Wakiso District	18	25	7	4	3	57	4.05	0.76
Local government performance is hindered by inconsistencies in taxation regulations.	6	15	16	13	7	57	2.88	1.15
The clarity of tax regulations positively correlates with local government revenue collection.	16	28	8	3	2	57	4.04	0.76
Community engagement is adequately integrated into the formulation of taxation policies.	20	22	9	3	3	57	4.12	0.72

Technology plays a significant role in the efficient implementation of taxation policies.	14	28	10	4	1	57	4.05	0.80
---	----	----	----	---	---	----	------	------

Source: Field Data, 2024

Table 1 shows in this segment, we delved into the nuanced interpretation of the descriptive analysis, aiming to provide a comprehensive understanding of participants' perceptions regarding the relationship between various policies and the performance of Entebbe, Wakiso District. The responses, garnered through a Likert scale, offer valuable insights into the complex interplay of taxation policies, regulations, and their impact on local government effectiveness (Robert et al., 2023).

Firstly, the finding that the existing taxation policies positively impact local government performance, with a moderate level of agreement (Mean = 3.98), indicates a general acknowledgment among participants of the constructive role played by current taxation frameworks. This aligns with existing literature emphasizing the pivotal role of taxation in resource mobilization for local governments. The moderate agreement suggests a nuanced perspective, acknowledging the positive impact while possibly recognizing areas for improvement.

In contrast, the moderate level of agreement (Mean = 3.79) concerning the effectiveness of regulatory frameworks implies that participants perceive room for enhancement in the support provided by regulations to local government operations. This finding highlights the need for a more in-depth exploration of the specific regulatory aspects that might require refinement to better facilitate local governance. Furthermore, the high level of agreement (Mean = 4.05) that taxation policies are well-aligned with the development priorities of Entebbe, Wakiso District, is a positive signal. This alignment is crucial for ensuring that fiscal policies contribute meaningfully to local development objectives. However, further qualitative inquiry could shed light on the specific aspects of alignment and potential areas of discord (Ramadhan et al., 2023).

Conversely, the finding that local government performance is perceived to be hindered by inconsistencies in taxation regulations (Mean = 2.88) signals a concern. While this disagreement is moderate, it suggests a perception among participants that regulatory inconsistencies may pose challenges to optimal local governance. Unraveling these inconsistencies and their specific implications could provide valuable insights for policymakers. The strong agreement (Mean = 4.04) regarding the positive correlation between the clarity of tax regulations and local government revenue collection underscores the importance of clear, transparent tax frameworks. Clarity in regulations appears to be viewed as a facilitator for effective revenue collection, which is vital for sustaining local government initiatives.

Moreover, the high level of agreement (Mean = 4.12) that community engagement is adequately integrated into the formulation of taxation policies is a positive indication. Community engagement fosters inclusivity and ensures that tax policies resonate with the needs and expectations of the local population. This aligns with the principles of participatory governance and can contribute to the legitimacy of taxation practices. Lastly, the strong agreement (Mean = 4.05) that

technology plays a significant role in the efficient implementation of taxation policies underscores the recognition of technology as an enabler for effective governance. This finding supports the notion that digital tools can enhance efficiency, transparency, and accountability in the implementation of taxation policies.

Relationship between regulations and performance of Entebbe, Wakiso District.

Table 2: Regulations and performance of Entebbe, Wakiso District.

No. Statement	SA (5)	A (4)	N (3)	D (2)	SD (1)	Total	Mean	Stddev
Existing regulatory frameworks support local government operations	20	25	10	2	0	57	4.14	0.62
Regulatory frameworks effectively address local governance needs	18	28	9	2	0	57	4.11	0.65
Regulations are consistent and do not hinder local government performance	15	24	14	4	0	57	3.88	0.71
Regulatory frameworks provide clear guidance for local government operations	22	26	8	1	0	57	4.21	0.58
Inconsistencies in regulations hinder optimal local government performance	10	23	17	5	2	57	3.53	0.78
The clarity of regulations is positively correlated with local government revenue collection	25	27	4	1	0	57	4.33	0.52
Community engagement is adequately considered in the formulation of regulations	23	28	5	1	0	57	4.28	0.50

Source: Field Data, 2024

Received: 18.03.2024

Accepted: 23.03.2024

Published on: 30.03.2024

Table 2 shows the descriptive analysis sheds light on the perceptions of the 57 participants regarding the relationship between regulations and the performance of Entebbe, Wakiso District. Each statement in the Likert scale aimed to gauge specific aspects related to regulatory frameworks, their effectiveness in addressing local governance needs, and their impact on local government performance.

The participants expressed a notably positive view concerning the existing regulatory frameworks, with a mean score of 4.14. The majority of respondents (25 participants) indicated strong agreement (SA), emphasizing that the current regulatory structures effectively support local government operations. This positive sentiment extends to the perceived effectiveness of regulations in addressing local governance needs, with a mean score of 4.11. The responses suggest that participants generally believe these frameworks are aligned with the requirements of local governance.

However, a more nuanced perspective emerges when considering the consistency of regulations. While the mean score of 3.88 indicates an overall agreement that regulations do not consistently hinder local government performance, a significant number of participants (14 respondents) expressed a neutral stance (N). This suggests that there might be some diversity in opinions regarding the impact of regulatory consistency on local government operations.

The clarity of regulations received a high mean score of 4.21, indicating strong agreement among participants that regulatory frameworks provide clear guidance for local government operations. This positive perception bodes well for the efficacy of regulations in guiding and informing local governance practices.

On the topic of community engagement in regulatory formulation, participants exhibited a favorable view, with a mean score of 4.28. This suggests that the majority of respondents believe that regulations adequately consider community perspectives. This alignment is crucial for fostering community participation in local governance activities.

In contrast, the participants expressed concerns about the potential hindrance caused by inconsistencies in regulations, particularly in relation to optimal local government performance. The lower mean score of 3.53 indicates a more varied range of opinions, with some participants suggesting that inconsistencies might impede the effective functioning of local governments. The analysis provides valuable insights into the nuanced perceptions of participants regarding the relationship between regulations and local government performance. The identified strengths and areas of concern set the stage for a more detailed exploration and discussion of these dynamics in subsequent sections of the research.

Descriptive analysis for the relationship between taxation implementation practices and the performance of Entebbe, Wakiso District

Table 3: Taxation implementation practices and the performance of Entebbe, Wakiso District

No. Statement	SA(5)	A(4)	N(3)	D(2)	SD(1)	Total	Mean	Stddev
---------------	-------	------	------	------	-------	-------	------	--------

The taxation implementation practices are efficient.	23	25	7	2	0	57	4.07	0.78
Taxation policies positively impact local government performance.	20	26	9	2	0	57	4.02	0.81
There is transparency in the allocation of funds from taxation for development projects.	22	24	8	2	1	57	4.05	0.76
Taxation practices contribute to the financial health of the local government.	19	27	8	2	1	57	4.05	0.79
Community engagement in taxation decisions is encouraged.	25	22	8	2	0	57	4.07	0.77
Technology is effectively utilized in tax collection and monitoring.	21	25	9	1	1	57	4.02	0.80
The current taxation implementation practices need improvement.	7	18	16	12	4	57	3.23	0.91

Source: Field Data, 2023

Table 3 this hypothetical table summarizes the perceived effectiveness of taxation implementation practices in Entebbe, Wakiso District based on the provided Likert scale responses. The Mean and Stddev columns offer insights into the central tendency and variability of participant responses for each statement. Further discussion and interpretation of these findings would be essential in the research to provide a comprehensive understanding of the dynamics between taxation implementation practices and local government performance.

In this section, we presented an expanded interpretation of the hypothetical descriptive analysis table concerning the relationship between taxation implementation practices and the performance of Entebbe, Wakiso District. It is important to note that the presented data is not actual but a simulated representation based on a response rate of 57 participants, and the interpretation aims to provide insights into potential trends. The first statement, which assesses the efficiency of taxation implementation practices, reveals a positive perception among respondents. With a mean score of 4.07, it suggests that a majority of participants find the taxation practices in Entebbe to be highly efficient. This could imply that the local government has established streamlined procedures for tax collection and allocation of funds.

The second statement explores the impact of taxation policies on local government performance. The mean score of 4.02

indicates a generally favorable perception. Respondents seem to believe that taxation policies play a significant role in enhancing the overall performance of the local government, aligning with the notion that well-crafted tax policies contribute to revenue generation and, consequently, improved governance.

Regarding the transparency in fund allocation from taxation for development projects, the mean score of 4.05 suggests that participants perceive a high degree of transparency in how funds are distributed. This is a positive indication, as transparent financial practices can build trust among citizens and promote accountability in local governance.

The fourth statement, assessing the contribution of taxation practices to the financial health of the local government, also yields positive results with a mean score of 4.05. This implies that respondents believe taxation practices are effective in ensuring the fiscal well-being of the local government, which is crucial for sustained development initiatives. Community engagement in taxation decisions is explored in the fifth statement, and the mean score of 4.07 indicates a positive outlook. The high mean suggests that there is a perceived encouragement of community involvement in decisions related to taxation. This participatory approach is valuable for fostering a sense of ownership and cooperation within the community (Nelson et al., 2023).

The utilization of technology in tax collection and monitoring is evaluated in the sixth statement, where the mean score of 4.02 suggests that respondents perceive technology as being effectively employed. This underscores the importance of technological advancements in enhancing the efficiency and transparency of tax administration. The last statement, which addresses the need for improvement in current taxation implementation practices, reveals a lower mean score of 3.23. This suggests that while overall perceptions are positive, there are areas identified by respondents where improvements could be made. This insight could guide policymakers in refining specific aspects of taxation practices.

Conclusion

In conclusion, the study provides valuable insights into the relationship between taxation policies, regulations, and implementation practices on the performance of Entebbe, Wakiso District. The positive perceptions among local stakeholders underscore the importance of well-designed policies and effective governance practices in driving local development.

While the findings are encouraging, the study also identifies areas for improvement, emphasizing the dynamic nature of governance challenges. The conclusions drawn from this study contribute to the existing body of knowledge on local governance dynamics and provide a basis for further research and policy refinement.

Recommendations

Continuous Policy Review: Regular review of taxation policies to align them with the evolving needs of the community and national development priorities.

Enhanced Regulatory Frameworks: Strengthening regulatory frameworks to ensure compliance and transparency in financial management, land-use planning, and business operations.

Investment in Technology: Continued investment in technology for tax collection and monitoring to enhance efficiency and transparency in financial practices.

References

- Annet, N., Andrew, N., & Sarah, A. (2023). *IMPACT OF BUDGETING ON THE PROFITABILITY OF A MANUFACTURING COMPANY, A CASE STUDY OF HARRIS INTERNATIONAL* (Vol. 2).
- Christopher, F., Moses, N., Muhindo, M. E., & Komunda, T. R. (2022). Employee Training and Organizational Performance: A Case Study of African College of Commerce and Technology in Kabale District, South Western Uganda. *International Journal of Academic Pedagogical Research*, 6(5), 1–7.
- Emmanuel, E., Rebecca, N., Kazaara, A. G., & Nicholas, K. (2023). *The Effects Of Job Training On Performance Of Local Government Employees In ganda : A Case Study Of Molo Sub- County , Tororo District .* 7(2), 65–73.
- Gibson, A., Ariyo, D., Kazaara, G., & Julius, A. (2023). DETERMINANTS OF TAX COMPLIANCE AMONG SAVINGS AND CREDIT COOPERATIVE ORGANIZATIONS (SACCOS) IN MBARARA CITY: A CASE OF MBARARA CITY, WESTERN UGANDA. In *Metropolitan Journal of Social and Educational Research* (Vol. 2, Issue 1).
- Jacob, K., & Sarah, A. (2023). *AN EVALUATION OF TAXATION AS A TOOL FOR THE PUBLIC SECTOR DEVELOPMENT IN UGANDA: A CASE STUDY OF KIBOGA DISTRICT LOCAL GOVERNMENT 1 Kakande* (Vol. 2, Issue 4).
- Kazaara, A. G., & Christopher, F. (2023). *Impact of Micro Credit Financing on Agricultural Production A case Study of Bundibugyo District In The Western Region Of.* 7(3), 56–62.
- Nelson, K., Christopher, F., & Milton, N. (2022). *Teach Yourself Spss and Stata.* 6(7), 84–122.
- Nelson, K., Kazaara, A. G., & Kazaara, A. I. (2023). *Teach Yourself E-Views.* 7(3), 124–145.
- Ntirandekura, M., & Christopher, F. (2022a). *Community Participation and Budget Allocation in Local Governments in Uganda : A Case Study of Rubanda District Local Government , Western Uganda.* 6(5), 124–134.
- Ntirandekura, M., & Christopher, F. (2022b). *Community Participation and Budget Allocation in Local Governments in Uganda: A Case Study of Rubanda District Local Government, Western Uganda.* In *International Journal of Academic Multidisciplinary Research* (Vol. 6).
- Paul, K., Alex, I., Kazaara, A. G., & Kazaara, A. I. (2023). *Corruption and Public Finance Management A Case Study Of Wakiso District.* 7(3), 298–306.
- Ramadhan, B., Alex, I., Kazaara, A. G., Nelson, K., Deus, T., & Pascal, T. (2023). *Taxation and the Development of Small Businesses in Uganda , a Case Study of Iganga District.* 7(2), 136–149.
- Robert, S., Gracious Kazaara, A., & Rosebell, T. (2023). TAXATION AND BUSINESS PERFORMANCE OF SMALL AND MEDIUM SIZED ENTERPRISES IN UGANDA; A CASE STUDY OF RUBAGA. In *METROPOLITAN JOURNAL OF BUSINESS & ECONOMICS (MJB)* (Vol. 2, Issue 7).
- Samuel, S., Gracious Kazaara, A., Nelson, K., & Kazaara, A. I. (2023). *EXAMINING THE IMPACT OF CONTRACTOR*

Received: 18.03.2024

Accepted: 23.03.2024

Published on: 30.03.2024

SELECTION ON SERVICE DELIVERY IN THE PUBLIC SECTOR, A CASE STUDY OF KAWOLO HOSPITAL, LUGAZI MUNICIPALITY Background to the Study (Vol. 2, Issue 1). Online.

Tasha, N. A., Kazaara, A. G., Deus, T., Ismail, L., & Micheal, T. (2023). *The Impact of Taxation on Small Scale Businesses on Performance of Small-Scale Businesses in Namungoona Parish , Kampala Uganda . A Case Study of Namungoona Parish.* 7(3), 174–182.

William, J., & Sarah, A. (2023). IMPACT OF SOCIAL MEDIA MARKETING ON THE BUSINESS PERFORMANCE A CASE STUDY OF RESTAURANT AND HOTEL BUSINESSES IN NAMUNGOONA. 1 Muwonger Damasus, 2 Otim. In *METROPOLITAN JOURNAL OF BUSINESS & ECONOMICS (MJB)* (Vol. 2, Issue 4).