

**KWAME NKRUMAH UNIVERSITY OF SCIENCE AND  
TECHNOLOGY**

**COLLEGE OF HUMANITIES  
SCHOOL OF GRADUATE STUDIES**

**THE IMPACT OF REVENUE MOBILIZATION ON SERVICE  
DELIVERY: A CASE STUDY OF OFORIKROM MUNICIPAL  
ASSEMBLY (OFMA)**

**THIS THESIS IS SUBMITTED IN PARTIAL FULFILLMENT OF THE  
REQUIREMENTS FOR THE AWARD OF MASTER OF SCIENCE IN  
ACCOUNTING AND FINANCE**

**BY  
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## DECLARATION

I, Timothy Owusu hereby declare that this study is my own work under the supervision of Dr. Daniel Domeher and that it contains no material that has been previously published or written by another person, nor material that has been accepted for the award of any other degree or diploma at Kwame Nkrumah University of Science and Technology, or any other educational institution, except portions where references have been duly cited.

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## DEDICATION

I dedicate this work to the Almighty God for giving me the strength to complete this work and also my family for their support.



## ACKNOWLEDGEMENT

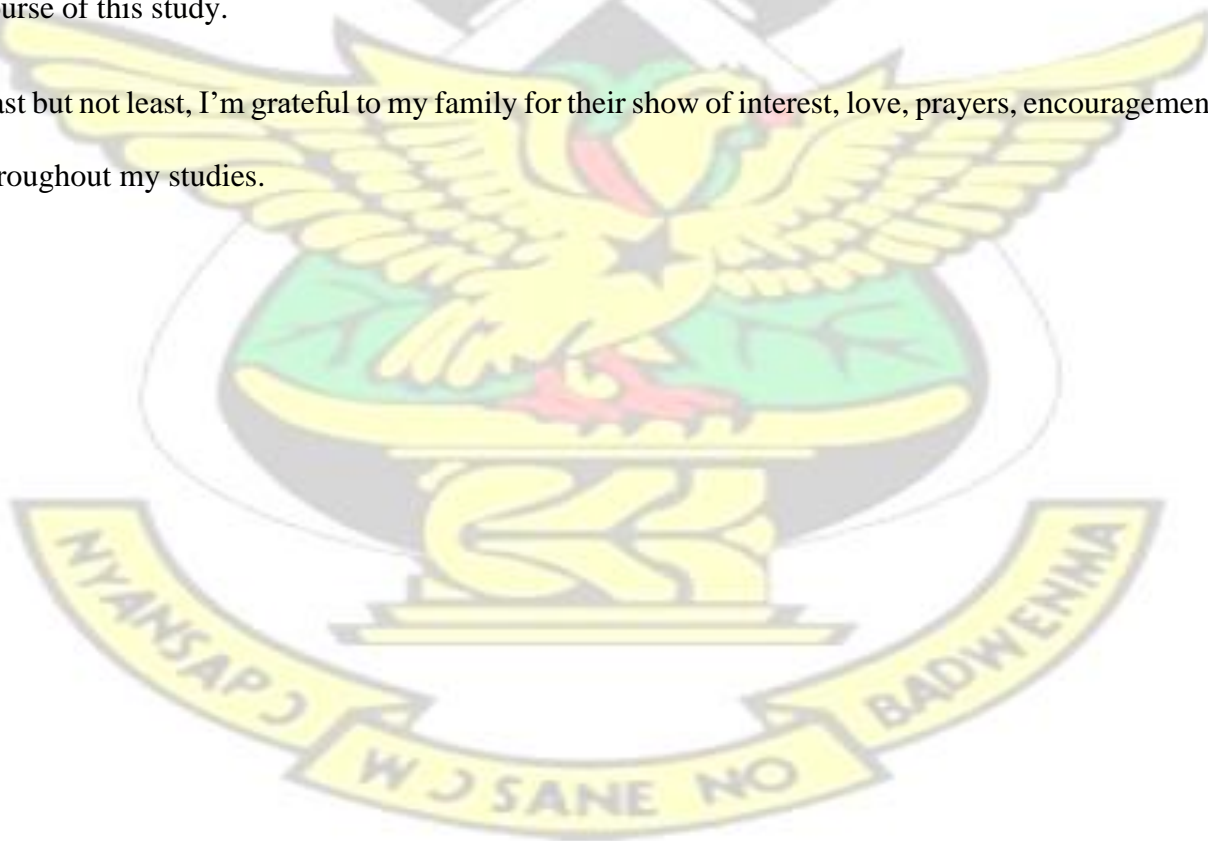
I am truly grateful to God Almighty for how far he has brought with this study. I would like to thank my supervisor, Dr. Daniel Domeher for his immense assistance and guidance throughout the course of this study.

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## **ABSTRACT**

The study through an in-depth explanation of the relationships, challenges and perceptions surrounding revenue collections and service provisions, shed light on the critical role revenue mobilization plays in influencing service delivery for Oforikrom Municipality (OFMA). To achieve the objectives, the study adopted mixed methods research design and gathered quantitative and qualitative data using questionnaires, interviews and document analysis. Purposive sampling was used where 200 respondents were selected, 50 staff of OFMA and 150 residents.

The study revealed that Grants, Rates, Lands and Royalties, Fees, Fines, Licenses, Rent and Miscellaneous Charges are the major sources of revenue for the Assembly. The positive correlation between revenue and expenditure underscored the pivotal role of revenue generation in resource allocation. Significant respondents strongly agreed on the relationship between revenue mobilization practices and service delivery outcomes. Qualitative insight emphasized challenges in revenue mobilization, including unwillingness of rate payers, inadequate logistics, lack of technology and proper data.

The study concludes that the effectiveness of revenue mobilization practices significantly influences service delivery quality; OFMA's revenue mobilization mechanism demonstrated inefficiencies and ineffectiveness, contributing to suboptimal service delivery. The study recommends the urgent need for targeted interventions to enhance revenue collection including deployment of technology, transparency and accountability, sensitization of rate payers and improving staff capacity. Legislative reforms and community engagement are also recommended to tackle identified challenges and improve service delivery.

In essence, this thesis illuminates the intricate relationship between revenue mobilization and service delivery. By addressing the identified challenges and implementing the suggested recommendations, OFMA and similar institutions can work toward more efficient revenue management, ultimately leading to enhanced service delivery and greater resident satisfaction.



## TABLE OF CONTENT

DECLARATION .....	i
DEDICATION .....	ii
ACKNOWLEDGEMENT .....	iii
TABLE OF CONTENT .....	v
LIST OF ABBREVIATIONS .....	vii
CHAPTER ONE .....	1
INTRODUCTION .....	1
1.1 Background of the Study .....	1
1.2 Problem Statement .....	5
1.3 Research Objectives .....	7
1.4 Research Questions .....	8
1.5 Significance of the Study .....	8
1.6 Scope of the Study .....	9
1.7 Methodology .....	10
1.8 Organization of the Study .....	11
CHAPTER TWO .....	12
LITERATURE REVIEW .....	12
2.2 Conceptual Review .....	12
2.3 Theoretical review .....	17
2.4 Empirical Review .....	29
CHAPTER 3 .....	41
RESEARCH METHODOLOGY .....	41
3.1 Introduction .....	41
3.2 Research Design .....	41
3.3 Data and Data Collection .....	41
3.4 Population and Sampling .....	42
3.5 Data Analysis .....	42
3.6 Ethical Considerations .....	43
3.7 Validity and Reliability .....	43
3.8 Limitations .....	43

CHAPTER FOUR.....	44
RESULTS AND DISCUSSION .....	44
4.1    Introduction .....	44
4.2    Demographic Characteristics of Respondents.....	44
4.3    Revenue Mobilization .....	49
4.4    The relationship between Revenue Mobilization and Service Delivery .....	53
4.5    Revenue Mobilization Mechanisms .....	55
4.6    Rating of Revenue Mobilization Practices .....	56
4.7    Strategies to Improve Revenue Mobilization .....	58
4.8    Perceptions and Satisfaction Levels of Residents and Stakeholders.....	59
4.9    Revenue Mobilization and Service Delivery Awareness .....	60
4.10   Level of Satisfaction of Residents and Stakeholders .....	60
4.11   Chapter Summary.....	61
CHAPTER FIVE .....	63
SUMMARY, CONCLUSION AND RECOMMENDATIONS.....	63
5.1    Introduction .....	63
5.2    Summary of Findings .....	64
5.3    Conclusion.....	65
5.4    Recommendations .....	66
REFERENCES .....	68
APPENDIX A.....	70
APPENDIX B .....	73

## LIST OF ABBREVIATIONS

OFMA	-	Oforikrom Municipal Assembly
MMDAs	-	Metropolitan, Municipal and District Assemblies
IGF	-	Internally Generated Funds
DACF	-	District Assembly's Common Fund
MAG	-	Modernization of Agriculture in Ghana
DAs	-	District Assemblies
DDF	-	District Development Facility
MSHAP	-	Multi Sectoral HIV/AIDS Project
GoG	-	Government of Ghana Departmental Transfers
PPPs	-	Public – Private Partnerships
SD	-	Standard Deviation





## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background of the Study**

In contemporary governance, the effective mobilization of revenue plays a crucial role in sustaining and enhancing service delivery to citizens. The ability of local governments to generate adequate revenue directly impacts their capacity to provide essential services, foster development, and meet the diverse needs of their communities. This study examines the relationship between revenue mobilization and service delivery within the context of the Oforikrom Municipal Assembly (OFMA), aiming to shed light on the dynamics, challenges, and potential strategies for optimizing service provision.

Local government authorities are partners to the central government. The local government authorities have the mandate to mobilize sufficient revenue in order to pursue their local development agenda (Adu-Gyamfi, 2014; Akorsu, 2015; Puopiel and Chimsi, 2015). The core responsibility of Metropolitan, Municipality and District Assemblies (MMDAs) is to deliver public services. The achievement of this responsibility requires adequate financial resources thereby making local the Assembly's revenue mobilization very vital (Olowu & Wunch, 2003; Yilmaz et al., 2008).

According to Dcik-Sagoe and Djimatey (2015), residents within municipalities in Ghana often expect MMDAs to promote local level development in their respective jurisdiction and this developmental mandate requires financial resources. The ability of MMDAs to effectively and

efficiently deliver services to residents and stakeholders is therefore dependent on the degree of revenue mobilized

The Local Governance Act, 2016 (Act 936) empowers MMDAs to develop database of rate payers and levy them accordingly; they are the Internally Generated Funds (IGF). The central government also provide grants to MMDAs in the form of District Assembly's Common Fund, MPs' Common Fund, District Development Fund (DDF), capacity building and investment, MAG among others.

The Oforikrom Municipal Assembly, situated between Latitude 6.35oN and 6.40oS and Longitude 1.30oW and 1.35oE and elevated 250 to 300 meters above sea level and shares boundaries with Ejisu to the East, Bosomtwe District Assembly to the South, Asokwa Municipal Assembly to the South West, Asokore Mampong to the North and Kumasi Metropolitan Assembly to the West, represents a vibrant urban municipality grappling with the complexities of revenue generation and service delivery. As with many local government entities, the assembly faces the dual challenge of meeting increasing demands for quality services while navigating limited financial resources. Consequently, exploring the impact of revenue mobilization on service delivery within this specific municipal context becomes imperative for policymakers, practitioners, and scholars.

Local governments play a crucial role in delivering essential services to citizens and fostering socio-economic development within their jurisdictions. However, achieving effective service delivery is contingent upon the availability of adequate financial resources. Revenue mobilization,

encompassing the collection, allocation, and utilization of funds, constitutes a vital aspect of local governance, directly influencing the quality and extent of services provided to the community.

OFMA, serves as a significant urban municipality facing the challenges of revenue generation and service delivery. With a growing population and increasing demands for improved infrastructure, healthcare, education, and other essential services, the assembly encounters the pressing need to mobilize sufficient resources to meet these demands. However, the effectiveness of revenue mobilization efforts and their impact on service delivery outcomes remain areas of concern and require further examination.

Development seeks to bring about quality improvement in the lives of residents. Its outcome is not merely growth in the economic sense but it closely related to the notion of quality of life. A comprehensive understanding of the dynamics between revenue mobilization and service delivery is therefore crucial for local government officials, policymakers, and practitioners involved in enhancing public service provision. By investigating the specific context of the OFMA, this study aims to shed light on the challenges and opportunities associated with revenue mobilization and its impact on service delivery within urban municipalities facing similar resource constraints.

Existing literature highlights the significance of revenue mobilization for local governments and its influence on service delivery outcomes. District Assemblies (DAs) are expected to identify revenue structures which can provide sufficient financial resources necessary for local service delivery. Ahwoi 2010, nominated three main sources of revenue for DAs which are the local revenue, transfer from higher level institutions and loans and grants. Other Studies conducted in

various contexts have also identified factors such as tax policies, revenue collection mechanisms, intergovernmental transfers, fiscal decentralization, and governance structures as key determinants affecting revenue generation and its subsequent utilization for service provision.

However, while several studies have explored the relationship between revenue mobilization and service delivery at the national or regional levels, there is a relative paucity of research focusing specifically on urban municipalities and their unique challenges. Consequently, investigating the OFMA provides an opportunity to fill this research gap and contribute to the existing knowledge base regarding revenue mobilization and service delivery in urban local government settings.

By conducting a case study in OFMA, this research seeks to delve into the complexities, constraints, and potential strategies that impact revenue mobilization and subsequent service delivery outcomes. It aims to identify the specific factors influencing revenue collection, resource allocation patterns, and the utilization of funds within the assembly. Moreover, this study intends to generate insights that can inform evidence-based decision-making, policy formulation, and effective practices to optimize revenue mobilization and enhance service delivery within the municipality.

Understanding the intricacies of revenue mobilization and its implications for service delivery in urban municipalities is of paramount importance in achieving sustainable development, improved governance, and enhanced citizen well-being. By analyzing the OFMA as a case study, this research aims to contribute to the broader discourse on local governance and provide practical



recommendations for policymakers and practitioners striving to enhance revenue mobilization efforts and deliver efficient and effective services to the residents of urban municipalities.

## **1.2 Problem Statement**

The challenge of Metropolitan, Municipal and District Assemblies (MMDAs) financing local government development programs in Ghana has persisted due to their incapacity to raise sufficient local government revenue within their purview (Kokor, 2001; Olowu and Wunsch, 2003; Adu-Gyamfi, 2014; Dick-Sagoe, 2012; Dick-Sagoe and Djimatey, 2015; Puopiel and Chimsi, 2015). Despite having access to several internal funding sources, the majority of local government agencies are unable to raise sufficient revenues. Because of this, they are forced to rely on transfers from the Central Government to pay for their development initiatives (Dick-Sagoe, 2012; Puopiel and Chimsi, 2015; Bandie, 2003). Despite receiving financial help from the Central Government, the majority of MMDAs in Ghana are unable to raise enough money for their developmental objectives. For local level development goals, they solely rely on the District Assemblies Common Fund (DACF) provided by the Central Government (Bandie, 2003; Adu-Gyamfi, 2014; Asante et al., 2014; Akorsu, 2015).

Research has revealed that the Central Government of Ghana provides approximately 60% of the income received by MMDAs (Puopiel and Chimsi, 2015). According to Osei-Akoto et al. (2007), the District Development Fund (DDF) and the DACF accounted for roughly 69.2% of MMDA revenue between 1994 and 2004, while internal generated fund (IGF) made up an average of 31.8%.

The Oforikrom Municipal Assembly, like many urban municipalities, faces the dual challenge of meeting the increasing demands for quality services and navigating limited financial resources.



The ability of the assembly to effectively mobilize revenue and allocate funds has a direct impact on its capacity to provide essential services and foster socio-economic development within its jurisdiction. However, despite the recognized importance of revenue mobilization for service delivery, there is a need to examine the specific dynamics, challenges, and potential strategies that influence this relationship within the context of the OFMA.

The problem at hand revolves around understanding how revenue mobilization practices in the OFMA influence service delivery outcomes. Specifically, it is essential to identify the key factors that affect revenue collection mechanisms, the efficiency of resource allocation, and the utilization of funds for service provision. Additionally, exploring the barriers and opportunities encountered by the assembly in effectively mobilizing revenue and translating it into improved service delivery will provide insights into the complexities of revenue management in urban municipalities.

The existing research on revenue mobilization and service delivery has primarily focused on national or regional contexts, leaving a research gap when it comes to urban local governments, especially within resource-constrained settings. Consequently, there is a need to investigate the OFMA as a case study to gain a deeper understanding of the interplay between revenue mobilization efforts and service delivery outcomes in an urban municipality facing similar challenges.

By addressing this problem, the study aims to contribute to the existing body of knowledge on revenue mobilization and service delivery in local government settings. It seeks to identify the specific challenges faced by the OFMA in mobilizing revenue, allocating resources, and delivering

services to its residents. Furthermore, the study aims to explore potential strategies and recommendations to enhance revenue mobilization effectiveness and optimize service delivery outcomes within the assembly and potentially other urban municipalities.

Understanding the factors influencing revenue mobilization and service delivery in the OFMA is crucial for policymakers, local government officials, and practitioners involved in enhancing public service provision. By unraveling the complexities of revenue mobilization and identifying the barriers and opportunities in the specific context of the assembly, this study intends to provide actionable insights that can inform evidence-based decision-making, policy formulation, and the development of effective practices for revenue mobilization and service delivery improvement.

Overall, the problem statement emphasizes the need to investigate the relationship between revenue mobilization and service delivery in the OFMA, with the goal of identifying key factors, challenges, and potential strategies to optimize revenue mobilization and enhance service provision within the municipality.

### **1.3 Research Objectives**

The overall purpose of the study is to examine the impact of revenue mobilization on service delivery by the Oforikrom Municipal Assembly.

#### **1.3.1 Specific Objectives will seek**

1. To investigate the relationship between revenue mobilization and service delivery outcomes.
2. To assess the current revenue mobilization mechanisms employed by the OFMA.

3. To identify the key challenges and barriers faced by the OFMA in mobilizing revenue effectively.
4. To assess the perceptions and satisfaction levels of residents and stakeholders regarding service delivery in the OFMA.

#### **1.4 Research Questions**

1. What is the relationship between revenue mobilization practices and service delivery outcomes within the OFMA?
2. What are the revenue mobilization mechanisms employed by the OFMA?
3. What are the key challenges and barriers faced by the OFMA in effectively mobilizing revenue?
4. What are the perceptions and satisfaction levels of residents and stakeholders regarding service delivery by the OFMA?

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

This research holds both theoretical and practical significance. Theoretically, it contributes to the existing body of knowledge on the relationship between revenue mobilization and service delivery within the local government context. By focusing on the OFMA, it offers a case study that expands our understanding of the dynamics and challenges faced by urban municipalities in resource-constrained settings.

From a practical standpoint, the findings of this study can inform policy formulation and decision-making processes related to revenue mobilization and service delivery improvement. Local

government officials, policymakers, and development practitioners can benefit from the insights gained, enabling them to make evidence-based decisions aimed at enhancing revenue generation strategies and optimizing service delivery outcomes in OFMA and similar contexts.

## **1.6 Scope of the Study**

This study focuses on investigating the impact of revenue mobilization on service delivery within the OFMA, located in the Greater Kumasi area. The research will primarily examine the revenue collection mechanisms, resource allocation patterns, and fund utilization practices employed by the assembly. The study encompasses a specific time period from November, 2022 to April, 2023 to provide a snapshot of the current revenue mobilization and service delivery dynamics within the municipality.

The research employs a mixed-methods approach, combining quantitative data analysis with qualitative insights gathered through interviews, surveys, and document analysis. The quantitative analysis involves the examination of financial reports, budgetary documents, and relevant statistical data to assess revenue generation, allocation patterns, and service delivery indicators. Qualitative data will be collected through semi-structured interviews with key stakeholders, including local government officials, community leaders, and residents, to gather in-depth perspectives on revenue mobilization practices and service delivery outcomes.

It is important to note that this study primarily focuses on the revenue mobilization practices and service delivery outcomes within the OFMA. The research findings and recommendations will be specific to this municipality and may not be generalizable to other urban or rural contexts.



However, the insights gained from this study may have implications for similar urban municipalities facing resource constraints and striving to enhance revenue mobilization and service delivery.

While the study aims to provide a comprehensive analysis of the impact of revenue mobilization on service delivery, it is important to acknowledge that it may not be possible to explore every aspect in great detail due to time and resource limitations. Therefore, certain specific aspects, such as the impact of revenue mobilization on specific sectors or the role of governance structures, was examined to the extent feasible within the available resources and time frame.

By focusing on the OFMA as a case study, this research sought to provide valuable insights into the revenue mobilization challenges, resource allocation patterns, and service delivery outcomes within the specific context of this urban municipality. The findings of this study aim to contribute to the existing body of knowledge on revenue mobilization and service delivery in local government settings and provide practical recommendations for policymakers, local government officials, and practitioners involved in enhancing public service provision within the OFMA and similar contexts.

### **1.7 Methodology**

This study employs a mixed-methods research design. This allows for the collection and analyzing both qualitative and quantitative data. For the qualitative aspect, the researcher conducted in-depth interviews with top management officials within the OFMA to explore their perspectives on the impact of revenue mobilization on service delivery. The researcher also used focus group



discussions to gain a broader understanding of the perceptions of service delivery by the stakeholders. For the quantitative aspect, the researcher collected data on revenue mobilization patterns and service delivery outcomes and analyze these using statistical tools such as descriptive statistics (Mean, Standard Deviation, Maximum and Minimum numbers). Ultimately, the research methodology is aligned with the research questions and objectives.

## **1.8 Organization of the Study**

The study is divided into five chapters that follow one another. Chapter one covered the study's introduction, problem statements, objectives, research question, and purpose, while chapter two analyzes the literature on service delivery and fiscal decentralization, theories, and conceptualization of terms used in this lengthy essay. The third chapter focused on the study's data analysis process and research methodology. Chapter 4 focused mostly on data analysis and discussion, while chapter 5 summarized the study's findings, conclusions, and suggestions.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

In this chapter, conceptual review, theoretical review and empirical review on the research topic “The impact of Revenue Mobilization on Service Delivery” is critically analyzed.

#### **2.2 Conceptual Review**

##### **2.2.1 Revenue Mobilization**

Revenue mobilization refers to the process of generating funds for public expenditures. It encompasses taxation, non-tax revenue, and grants or aid. Effective revenue mobilization is essential for local governments to provide essential public services and promote development. It involves identifying and collecting various revenue sources to finance the operations, projects, and services provided by the local assembly

Municipal Assemblies often rely on multiple revenue streams to meet their financial needs. Some common revenue sources for local assemblies include:

- **Taxes:** Local assemblies can impose and collect taxes such as property rates, basic rates, business taxes, and local income taxes.
- **Fees and Charges:** This includes fees for services provided by the local assembly, such as licensing fees, permit fees, parking fees, garbage collection fees, and user fees for recreational facilities.

- Grants and Transfers: Local assemblies may receive grants and transfers from higher levels of government or international organizations to support specific programs or projects.
- Fines and Penalties: Revenue can be generated through fines and penalties imposed for violations of local regulations, traffic offenses, or non-compliance with local bylaws.
- Local Revenue-Generating Activities: Local assemblies may engage in income generating activities, such as leasing municipal property, renting out facilities, or engaging in commercial ventures.
- Inter-governmental Transfers: Local assemblies may receive transfers from the central government or other local government entities to support their operations and services. For example District Assemblies Common Fund (DACF), District Development Facility (DDF), Government of Ghana Departmental Transfers (GoG), Multi Sectoral HIV/AIDS Project (MSHAP) etc.

To ensure effective revenue mobilization, local assemblies need to establish proper systems for revenue collection, enforcement, and management. This may involve implementing efficient tax collection processes, monitoring compliance, conducting regular audits, and employing skilled staff to oversee revenue-related activities.

It's important for municipal assemblies to strike a balance between generating revenue and maintaining a fair and equitable taxation system that considers the economic capacity of the local community. Additionally, transparency and accountability in revenue mobilization are essential to

gain public trust and ensure that the funds collected are utilized appropriately for the benefit of the local residents.

### **2.2.2 Service Delivery:**

Service delivery involves the provision of public services by local governments to meet the needs of the community. Key sectors include infrastructure development, healthcare, education, and waste management. Adequate revenue mobilization is necessary to enhance service delivery in these areas.

Service delivery in the context of local government refers to the provision of public services and amenities to citizens within a particular jurisdiction. It involves the planning, management, and delivery of services such as education, healthcare, sanitation, transportation, water supply, and waste management, among others, to improve the quality of life for citizens. In Ghana, service delivery in local government is guided by the Local Government Act of 1993, which mandates the creation of District Assemblies that are responsible for providing basic services to citizens within their jurisdiction. The Act also provides for the participation of citizens in decision-making processes and the establishment of oversight mechanisms to ensure accountability and transparency in service delivery. The quality of service delivery in local government can have a significant impact on the wellbeing of citizens, and it is therefore important that efforts are made to improve delivery mechanisms and ensure that services are accessible, affordable and of high quality.



### **2.2.3 Citizen Participation**

Citizen participation refers to the involvement of citizens in the decision-making processes of government. It is an essential component of democracy, and it enables citizens to have a voice in shaping public policies and programs that directly affect their lives. In the context of local government, citizen participation can take various forms, including public consultations, community meetings, public hearings, and citizen advisory committees. These mechanisms provide citizens with opportunities to express their views, make suggestions, and provide feedback on decisions related to service delivery, budget allocation, and infrastructure development. Citizen participation can also involve the establishment of partnerships between local government and community organizations or civil society groups. These partnerships can provide opportunities for citizens to participate in the design, implementation, and evaluation of government programs and initiatives, and can help to ensure that these initiatives are responsive to the needs of citizens. Overall, citizen participation is an important component of good governance in local government, and it can help to promote transparency, accountability, and citizen trust in government officials. By involving citizens in decision-making processes, local government officials can ensure that the interests and perspectives of citizens are taken into account when developing policies and programs.

### **2.2.4 Accountability**

Accountability can be defined as the obligation of individuals or institutions to be answerable for their actions and decisions to those who are affected by these actions and decisions. In the context of local government, accountability refers to the responsibility of government officials to provide quality services to citizens and to be transparent in their use of public resources. It is important for



local government officials to be accountable to citizens as it promotes transparency, helps to prevent corruption, and ensures that the needs and preferences of citizens are taken into account when making decisions. Accountability mechanisms in local government can take various forms, including public participation in decision-making, regular reporting and auditing of government activities, and the establishment of independent oversight bodies to monitor government performance. Overall, accountability is an essential component of good governance in local government, and it helps to build trust between citizens and government officials, and contributes to the effective delivery of public services.

### **2.2.5 Transparency**

Transparency in service delivery refers to the practice of providing citizens with access to information about government activities, decision-making processes, and the use of public resources. It is an important aspect of good governance in local government as it promotes openness, accountability, and trust between citizens and government officials. In the context of service delivery, transparency can involve providing citizens with information about the quality, cost, and availability of services, as well as processes for making complaints and providing feedback on service delivery. It can also involve the disclosure of performance indicators, budgets, and financial reports relating to service delivery. Transparency in service delivery can be facilitated through the use of technology, such as online platforms and mobile apps, which can provide citizens with easy access to information about government activities and services. It can also be promoted through the establishment of oversight mechanisms, such as independent ombudsmen and audit bodies, to monitor government performance and ensure compliance with legal and regulatory requirements. Overall, transparency in service delivery plays an important

role in ensuring that citizens can hold government officials accountable for their actions and decisions, and can contribute to the effective delivery of public services.

### **2.2.6 Performance Measurement**

Performance measurement is the process of collecting, analyzing, and reporting data on the performance of programs, policies, and services. It is an important tool used in local government to evaluate the impact and effectiveness of government activities, and to identify areas that require improvement. In the context of service delivery, performance measurement can involve the tracking of key performance indicators, such as the quality and timeliness of service delivery, citizen satisfaction with services, and the cost-effectiveness of service delivery. It can also involve the use of benchmarking and other comparative analyses to identify best practices and areas for improvement. Performance measurement can help local government officials to make informed decisions about resource allocation, program design, and service delivery improvements. By measuring performance, government officials can identify successful programs and initiatives, and replicate them in other areas. They can also pinpoint areas that require improvement and develop strategies to address these areas. Overall, performance measurement is an important tool used in local government to ensure that government activities and services are meeting the needs of citizens in an efficient and effective manner.

## **2.3 Theoretical review**

### **2.3.1 Public Choice Theory**

Public choice theory is an economic and political theory that applies economic principles and

analysis to the study of political decision-making. It aims to understand how individuals, including politicians, bureaucrats, and voters, make choices in the realm of politics and public policy.

At its core, public choice theory assumes that individuals are rational actors who pursue their own self-interests. It challenges the traditional view of politics as a domain of benevolent decision-making and public interest. Instead, it posits that individuals in the political sphere, like in the economic sphere, respond to incentives and seek to maximize their own well-being.

Public choice theory suggests that politicians and bureaucrats are not solely motivated by the common good, but also by personal and political interests. They may make decisions that serve their own objectives, such as gaining reelection or expanding their power and influence. Bureaucrats may also seek to maximize their budgets and job security.

Likewise, public choice theory recognizes that voters are not always fully informed or solely driven by the desire for the best public outcomes. Voters may have limited knowledge of political issues and may prioritize their own individual interests when making decisions. This could include voting for policies that benefit them directly, even if those policies have negative consequences for society as a whole.

One key concept within public choice theory is "rent-seeking." Rent-seeking refers to individuals or groups attempting to obtain economic benefits or privileges through political means, such as lobbying for subsidies, protective regulations, or favorable legislation. This behavior can result in inefficiencies, as resources are diverted from productive activities to political influence-seeking activities.

Public choice theory also examines collective decision-making mechanisms, such as voting and political bargaining. It explores issues such as voter apathy, the influence of interest groups, and the impact of concentrated benefits and diffuse costs on policy outcomes.

Overall, public choice theory provides a framework for understanding the incentives and behaviors of individuals within the political process, shedding light on why certain policies are adopted and how they may be influenced by self-interest and political dynamics.

In the context of local government, public choice theory applies the principles and insights of economics to analyze decision-making processes and outcomes at the local level. It examines how individuals, including local officials, bureaucrats, and citizens, make choices and interact within the framework of local governance.

Public choice theory suggests that individuals in local government, like in other political settings, are motivated by self-interest and respond to incentives. Local politicians may pursue policies and decisions that enhance their own political careers, increase their power and influence, or cater to special interest groups that provide support or resources. Bureaucrats in local government may also act to protect and expand their own budgets, job security, and authority.

Moreover, public choice theory acknowledges that citizens and voters in local communities are not always fully informed or solely driven by the public interest. They may prioritize their own individual concerns or benefits when participating in local decision-making processes. This can lead to outcomes where certain groups or individuals exert more influence over local policies and resource allocation, potentially at the expense of the broader community's welfare.



Within the framework of public choice theory, the concept of rent-seeking is relevant in the context of local government as well. Rent-seeking behavior in local government may involve seeking preferential treatment, subsidies, or regulatory advantages for certain businesses or interest groups, often resulting in inefficient allocation of resources and distortion of local markets.

Public choice theory can also shed light on the dynamics of local elections, voter behavior, and the formation of local interest groups. It recognizes that voters may have limited information or engage in rational ignorance, choosing not to invest significant effort in understanding local issues due to the relatively small impact of their individual votes. Interest groups, on the other hand, may actively engage in lobbying and influencing local decision-makers to shape policies in their favor. By applying public choice theory to local government, researchers and policymakers can gain insights into the incentives, behaviors, and decision-making processes that impact local policies, public services, and resource allocation. This understanding can help identify potential inefficiencies, biases, and areas where reforms or changes may be necessary to improve local governance and the overall well-being of the community.

### **2.3.2 Agency theory**

In the Agency Theory a contractual relationship is entered by two persons that is the principal and the agent so as to perform some service. This involves delegating some decision making authority to the agent by the principal (Jensen and Meckling, 1976). At the same time an agent is a person employed for the purpose of bringing his principal into a contractual relationship with a third party. He does not make a contract on his own behalf. The legal doctrine which applies is “qui facit per alium facit per se” (he who does something through another does it himself) (Kanbur, 2009).



Agency Theory is directed at the person presenting the agency relationship. This is where one party delegates work to another party who performs the duty on behalf of the principal: (Eisenhardt, 1989). This person is authorized to perform legal acts within his competence and not on his own behalf but for the principal. A growing view in the modern literature recognized however that the two are strange bed fellows. An Insurance Brokers is agent employed to buy and sell on behalf of another. However, in performing his role, he owes a duty to his principal. The level of care expected will vary; a higher level of care will be expected from a professional broker than from a part-time insurance agent (Wright and Oakes, 2002). According to the English and American law the liability of a principle for his agent torts in the ordinary course of his employment depends upon the existence of a master servant relationship. The master is vicariously liable for his servant tortuous conduct committed within the course of employment. (Yin, 1989). There are cases where an agency relationship arises when an individual group called principal hires someone called an agent to perform some service, where the principal delegates decision-making power to the agent. This kind of relation includes those between stock holders and managers and between stockholders and debt holder. According to Amir,(1993) Agency Theory 29 is a theory concerning the relationship between a principal (shareholder) and an agent of the principal (company's managers). It further says that Agency Theory is a very academic term which essentially involves the costs of resolving conflicts between the principals and agents and aligning interests of the two groups. The agency theory also adds up to the list of theories examined. Jensen and Mechling (2006) define the agency relationship as a contractual relationship between one or more persons called the principal engaging another known as the agent to perform some service on their behalf, which involve delegating decision making authority on the agent. Citizens vote in councilors in local authorities so that they further their agenda of policy making during their term

of office, after which they are retained or voted out. Other agency relationship that exists include employee-employer where the latter delegate responsibilities to the former for a certain fee (Venables, 2010).

The decision-making and policy-making that affects each community is the responsibility of local authorities, such as city governments or municipal assemblies. However, because local government is so large and intricate, elected leaders frequently entrust administrative staff or civil servants with running the day-to-day operations and putting plans into action. Jones, D. Smith (2018). Principal-agent theory and related applications. In K. Johnson (Ed.), *Public Administration: Contemporary Perspectives* (pp. 45–68). Publishing by ABC.

The theory assumes that elected officials (Assembly members i.e. both elected members and appointed members) delegate responsibilities to administrators but the administrators may have different goals and interests than the elected officials. Therefore, the elected officials must design an incentive structure to align the goals of the administrators with their own goals and ensure that they are acting in the best interests of the public. "The Application of Agency Theory to Local Government" by Eric L. Einspruch (1990) is one example of a work that applies agency theory to local government. It examines the principal-agent relationship in local government and the effects of various factors like political pressures and organizational structures on the relationship. It also offers recommendations for designing effective incentive structures that align the interests of elected officials and administrators. "Principal-Agent Relationships in Local Government: The Case of the School Principal" by Alisa Hicklin Fryar and Jared J. Llorens (2013) is another pertinent source. The interaction between school administrators (principals) and school district

administrators (agents) is examined in this study using the agency theory. The authors contend that using performance-based incentives can be a useful strategy for coordinating district administrators' and school principals' objectives. Overall, agency theory can assist local governments in creating efficient incentive systems that harmonize the objectives of appointed administrators and elected politicians, thereby improving the outcomes for the general public.

### **2.3.3 Institutional Theory**

Institutional theory focuses on comprehending how institutions create and impact the behavior of people and organizations, according to Scott, W. R. (2014) in "Institutional theory: Contributing to a theoretical research program" from The SAGE Handbook of Organizational Institutionalism. It investigates how social norms, regulations, and practices, both formal and informal, develop, circulate, and are upheld within a certain social setting.

Scott argues that institutions provide stability, structure, and predictability in social life. They act as guiding frameworks that shape and constrain individual and organizational behavior. Institutions can be formal, such as laws, regulations, and organizational policies, or informal, such as cultural norms, beliefs, and values.

Scott identifies three pillars of institutional theory: regulative, normative, and cultural-cognitive. Regulative institutions involve formal rules and regulations that prescribe and control behavior. Normative institutions encompass social norms, values, and expectations that individuals and organizations are expected to conform to. Cultural-cognitive institutions refer to shared beliefs, meanings, and taken-for-granted assumptions that influence behavior and interpretations.



According to Scott, institutional theory seeks to explain how institutions emerge, evolve, and become embedded in social structures. It explores the processes of institutionalization, isomorphism, and legitimation, as well as the mechanisms through which institutions shape behavior, maintain stability, and enable coordination.

Scott's contribution to institutional theory emphasizes the importance of understanding how institutions affect organizational behavior and decision-making processes. His work has been influential in the field of organizational sociology and has provided a foundation for further research and development of institutional theory.

An explanation of how organizations adhere to societal norms and expectations is provided by institutional theory, a sociological concept. The institutional theory can be used to analyze how local governments are impacted by the cultural norms and expectations of their communities in the context of local government. Richard Feiock's 2007 article "Institutional Theory and Local Government" is a well-known example of how institutional theory is used in local government. This study examines how institutional theory can be used to explain local government behavior and decision-making. It argues that local governments are influenced by a variety of institutional pressures, including legal mandates, community expectations, and professional norms. Heather E. MacDonald and M. Rose Olfert's 2008 article "Institutional Theory and Municipal Government: A Framework for Analysis" is another source. The decision-making processes of local governments in the fields of economic growth and land use planning are examined using institutional theory. The authors argue that local governments are influenced by institutional



pressures at multiple levels, including state and federal laws, local community norms, and professional standards.

Overall, institutional theory can help local governments understand how societal norms and expectations influence their behavior and decision-making. This understanding can lead to more effective and responsive governance that meets the needs and expectations of local communities. By applying institutional theory, the OFMA can better understand the institutional forces that shape its revenue mobilization strategies and service delivery practices. This understanding can inform decision-making, policy development, and efforts to improve revenue collection effectiveness and service quality. It can also help identify opportunities and challenges arising from institutional arrangements, facilitating adaptive responses to changing contexts.

#### **2.3.4 Stakeholder Theory**

Stakeholder theory is a management concept that argues that businesses should consider the interests of all stakeholders, including customers, employees, suppliers, shareholders, and the community, in their decision-making processes. The theory emphasizes the importance of creating value for all stakeholders, rather than just maximizing profits for shareholders. One of the most cited works on stakeholder theory is "Strategic Management: A Stakeholder Approach" by R. Edward Freeman (1984). This study provides a comprehensive overview of stakeholder theory and its application to strategic management. It argues that businesses should consider the interests of all stakeholders and develop strategies that create value for them. "The Stakeholder Theory of the Corporation: Concepts, Evidence, and Implications" by Thomas Donaldson and Lee E. Preston (1995) is another significant reference in relation to stakeholder theory. The empirical support for

stakeholder theory and its implications for corporate governance are examined in this paper. It contends that by catering to the requirements of all of their stakeholders, organizations may generate long-term value.

Stakeholder theory is used to analyze corporate social responsibility in the article "Corporate Social Responsibility and Stakeholder Theory: Learning from Each Other" by Archie B. Carroll and Kareem M. Shabana (2010). The authors contend that rather than simply seeing corporate social responsibility as a legal requirement or a public relations tool, corporations can see it as a chance to add value for all stakeholders. Stakeholder theory, in its whole, offers businesses a framework for taking into account the interests of all stakeholders when making choices. Businesses can achieve long-term prosperity and social responsibility through adding value for all stakeholders.

Stakeholder theory can be applied to local government to understand how local governments can create value for all stakeholders, including citizens, businesses, non-profit organizations, and local communities.

In the context of local government, stakeholder theory emphasizes the importance of stakeholder engagement, collaboration, and communication to achieve better outcomes for all stakeholders. The 2012 article "Stakeholder Engagement for Collaborative Governance in Local Government" by Catherine E. Smith and Caroline M. Tolbert is one example of how stakeholder theory is applied to local government. The role of stakeholder involvement in local government policy implementation and decision-making is examined in this study. It makes the case that stakeholder

involvement can aid local governments in establishing credibility and confidence, enhancing decision-making, and producing better results for all parties involved. The 1988 article "Toward a Stakeholder Theory of Strategic Management" by R. Edward Freeman and Daniel R. Gilbert is also relevant. The study offers a theoretical underpinning for the application of stakeholder theory to strategic management, although not being focused on local government specifically. It makes the case that companies should consider the interests of all parties involved in a decision-making process, including customers, employees, suppliers, and the community. Stakeholder theory is used in the context of local economic development by Chris Collinge and Liz Richardson in "Stakeholder Theory and Local Economic Development: Placing Multiple Actors, Diverse Interests and Communal Value at the Heart of the Analysis" (2015) to comprehend how local economic development can create value for multiple stakeholders. According to the authors, local economic development should be seen as a collaborative process that involves all members of the community and adds value. Stakeholder theory, in general, can assist local governments in producing value for all stakeholders by involving them in decision-making, working together with them to accomplish shared objectives, and communicating with them to establish credibility and confidence.

### **2.3.5 Stakeholder Expectations Theory**

Stakeholder expectation theory is a management theory that emphasizes the importance of meeting the expectations of all stakeholders involved in an organization. According to this theory, stakeholders have an inherent interest in the organization, and their expectations must be taken into account when making decisions that may affect them. Stakeholders may include employees, customers, suppliers, shareholders, regulators, and the community in which the organization



operates. The theory states that by meeting the expectations of all stakeholders, an organization can improve its long-term performance and sustainability. Stakeholder expectation theory emphasizes that the interests of all stakeholders should be balanced, and that organizations should not prioritize the interests of one stakeholder group over others. The theory also suggests that communication and engagement with stakeholders are critical to understanding their expectations and incorporating them into decision-making processes. Overall, stakeholder expectation theory emphasizes the importance of creating a shared value for all stakeholders, rather than just maximizing profits for shareholders. It has become increasingly important in the modern business environment, as more and more organizations are expected to operate in a socially responsible and sustainable manner.

Stakeholder expectations theory is particularly relevant in the context of local government, as local governments are accountable to a wide range of stakeholders, including citizens, elected officials, community organizations, and businesses. In a study conducted by Lee and Lee (2019), stakeholder expectation theory was applied to the context of local government in South Korea. The study found that stakeholder communication and engagement were important factors in meeting stakeholder expectations. The authors also emphasized the importance of balancing the interests of different stakeholder groups, such as considering the interests of both residents and businesses. Another study by Vidal (2018) applied stakeholder expectation theory to the context of local government in Spain. The study found that local governments must take into account the expectations of different stakeholder groups, such as citizens, businesses, and civil society organizations, in order to effectively manage public services and infrastructure. Overall, these studies highlight the importance of stakeholder expectation theory in the context of local



government. By understanding and meeting the expectations of all stakeholders, local governments can improve their performance and sustainability, and create shared value for their communities.

## **2.4 Empirical Review**

Various studies have been conducted on the success of MMDAs in Ghana in mobilizing revenues for service delivery. One such study is that of Dick-Sagoe (2012) who established that the assembly did not meet its revenue targets partly due to a lack of the required staffing and skills, and partly due to a lack of innovation on the part of the assembly. This situation was not unique to Abura-Asebu-Kwamankese District Assembly, but was also found in Kumasi Metropolitan Assembly, which had been expected to do well in terms of IGF generation because they have a large revenue pool Dick-Sagoe and Djimatey (2015).

Puopiel, and Chimsi (2015) found that most MMDAs in Ghana are not able to generate enough revenue but rather depend on central government transfers. In another study, Alupungu et al. (2012) found that IGF for the Kumasi Metropolitan Assembly in the 2011/12 fiscal year constituted just 12% of total local government revenue, implying an even wider gap between IGF and external sources for all MMDAs. This abysmal performance was attributed to citizens' lack of awareness of the need to pay taxes to the assembly, as well as to inadequate logistics and lack of motivation by revenue collectors.

Agyapong (2012) in a study of Kumasi Metropolitan Assembly, further found that revenues mobilized could not finance the infrastructure needed, finding that the shortfall of revenue was mainly due to corruption amongst revenue collectors, officers and assemblymen in the various

Sub-Metros. The study concluded that Kumasi Metropolitan Assembly was not harnessing fiscal decentralization enough to empower itself under the Local Government Act 1993, with the result that the assembly had not developed new and sustainable strategies to improve its performance in revenue mobilization (Akorsu, 2015; Dick- Dick-Sagoe and Djimatey, 2015; Puopiel and Chimsi, 2015). The assembly like many MMDAs in Ghana was over-reliant on the DACF to meet its capital expenditure, while much of its IGF went on administrative costs. The difficulties MMDAs face in raising local revenue to undertake development projects are not peculiar to Ghana.

Buettner and Wildasin (2006) found that in the United States an increase in external grants to local governments led to reduced own-revenue generation. In Nigeria, a study by Chukwuma (2010) noted that the most crucial challenge to local authorities [www.udsspace.uds.edu.gh](http://www.udsspace.uds.edu.gh) 44 in Nigeria in mobilizing IGF was their inability to raise, retain and manage revenues. This was attributed to instability within the political system, the absence of structured institutions for raising IGF, and the unsustainability of identified sources of IGF. Nevertheless, there have been a few successes in Nigeria.

Adesoji and Chike (2013) established that IGF had contributed significantly to the infrastructure development in Lagos State. The main strategies employed in mobilizing IGF by Lagos State were enforcement by penalizing non-payers, training of tax personnel, and awareness-raising among the general public and the potential taxpayers about their responsibility to pay (Adu-Gyamfi, 2014; Akorsu, 2015; Puooiel and Chimsi, 2015). In conclusion, the literature suggests that MMDAs mobilization is a problem for local authorities in developing countries generally, and Ghana is no

exception. Most Assemblies in Ghana are over-reliant on central government transfers (notably the DACF and other external sources to finance development project)

#### **2.4.1 Relationship between Revenue Mobilizations for Service Delivery**

Effective revenue mobilization is crucial for local governments to fund and deliver quality public services. Adequate revenue generation enables districts, municipalities, metropolitans to invest in infrastructure, health care facilities, education resources, and waste management systems, ultimately improving the quality of life for residents.

Therefore, revenue mobilization is the process of generating income from various sources, such as taxes, fees, and fines, to finance government activities and service delivery. In the context of local government, revenue mobilization is crucial for the provision of public services and amenities to citizens. Here are some reasons why revenue mobilization is important for service delivery in local government:

- **Funding for Public Services:** Revenue mobilization provides the necessary funding for local government to provide essential public services, such as healthcare, education, sanitation, and transportation.
- **Improvement of Service Delivery:** Increased revenue mobilization can lead to improvements in service delivery by enabling local government officials to invest in infrastructure development, equipment, and personnel to deliver quality services.

- **Citizen Satisfaction:** Adequate revenue mobilization ensures that local government officials can meet the needs and expectations of citizens by providing timely and high-quality services.
- **Economic Development:** Revenue mobilization can help to promote economic development by enabling local government officials to invest in initiatives that promote economic growth and job creation.
- **Accountability:** Revenue mobilization can help to promote accountability in local government by ensuring that government officials are using public resources effectively and efficiently to meet the needs of citizens. Overall, revenue mobilization is critical for service delivery in local government, and it is important for local government officials to develop sustainable revenue mobilization strategies that can ensure adequate funding for the provision of essential public services.

#### **2.4.2 The Impact of Revenue Mobilization**

Revenue mobilization plays a crucial role in ensuring effective service delivery. Research has shown that adequate and sustainable revenue streams enable governments to allocate sufficient resources towards essential public services such as healthcare, education, infrastructure development, and social welfare programs. Numerous studies have examined the impact of revenue mobilization on service delivery outcomes in different contexts. Furthermore, revenue mobilization has been found to enhance the quality and accessibility of services, contributing to improved societal well-being and economic development. For example, a study by Adu-Gyamfi and Ahoritor (2021) analyzed the relationship between revenue mobilization and infrastructure



development in Ghanaian municipalities, highlighting the positive correlation between revenue generation and infrastructure provision.

In the specific case of OFMA, a study by Ankomah and Amoako (2022) investigated the impact of revenue mobilization efforts on healthcare service delivery. Their findings suggested that improved revenue collection positively influenced the availability of healthcare facilities, medical professionals, and access to quality healthcare services in the municipality.

Furthermore, research conducted by Owusu and Debrah (2023) examined the relationship between revenue mobilization and education service delivery in Ghanaian municipalities. Their study revealed that increased revenue collection contributed to improved educational infrastructure, teacher recruitment, and educational resource availability, leading to enhanced education service delivery.

Regarding waste management, a study by Mensah and Alhassan (2021) explored the impact of revenue mobilization on waste management service delivery in urban areas. Their findings indicated that effective revenue mobilization strategies positively influenced waste collection and disposal services, contributing to cleaner and healthier urban environments.

### **2.4.3 Strategies for Revenue Mobilization**

#### **2.4.3.1 Strengthening Tax Administration and Compliance**

Efforts to improve tax administration and compliance can enhance revenue mobilization.

This includes simplifying tax processes, improving taxpayer education, and implementing effective enforcement mechanisms.

#### **2.4.3.2 Diversifying Revenue Sources**

Reducing reliance on a single revenue source and diversifying revenue streams can enhance revenue mobilization.

This may involve exploring alternative revenue sources such as user fees, charges, and innovative financing mechanisms.

#### **2.4.3.3 Public-Private Partnerships (PPPs)**

PPP stands for "Public-Private Partnership". It is a type of partnership between a government agency and private sector company or consortium that allows for the sharing of risks, resources, and rewards to deliver public services or infrastructure projects. PPPs are typically used for large-scale projects such as highways, airports, and hospitals, where the government agency lacks the financial resources or expertise to undertake the project on its own.

In the context of local government, PPP refers to the partnership between a local government agency and a private sector company or consortium to deliver public services or infrastructure projects within the jurisdiction of the local government. This can include projects such as building and maintaining public roads, bridges, schools, hospitals, and water supply systems. PPPs allow local governments to tap into the expertise and resources of the private sector to deliver projects more efficiently and cost-effectively. They also help to mitigate financial risks for the local government as the private sector partner typically bears a portion of the financial risk.

Engaging in partnerships with the private sector can foster revenue mobilization and service delivery. PPPs can facilitate infrastructure development, waste management, and other service provision by leveraging private sector expertise and resources.

#### **2.4.3.4 Improving Financial Management and Accountability**

Effective financial management practices, including transparent budgeting, expenditure tracking, and financial accountability mechanisms, can enhance revenue mobilization and ensure efficient use of funds for service delivery.

#### **2.4.3.5 Citizen Engagement and Participation**

Involving citizens in revenue mobilization efforts and decision-making processes can foster ownership and support for local taxation and service delivery. Engaging citizens through participatory budgeting, public consultations, and awareness campaigns can promote a culture of tax compliance and create a sense of accountability between local governments and the community.

### **2.4.4 Challenges in Revenue Mobilization and Service Delivery**

#### **2.4.4.1 Weak Tax Administration and Enforcement**

In the context of a municipal assembly, weak tax administration and enforcement refers to a situation where the local government's tax collection system is ineffective due to poor management, inadequate resources, lack of modern technology, and insufficient enforcement mechanisms. This can lead to low tax revenue collection, which can hinder the ability of the municipal assembly to provide necessary public services and infrastructure development to the

citizens. Inadequate resources and poor management can lead to low tax compliance rates, as taxpayers may lack confidence in the municipal assembly's ability to manage their tax payments effectively. Insufficient enforcement mechanisms can also enable some taxpayers to evade taxes, which can lead to a loss of revenue that would have been used to fund local services such as roads, schools, and healthcare facilities. To address weak tax administration and enforcement in a municipal assembly, there is a need to invest in modernizing tax systems, improving tax collection processes, and enhancing enforcement mechanisms. This can involve the use of advanced technology systems for tax collection and administration, improving taxpayer education, and enhancing the capacity of tax authorities to identify tax evaders and enforce compliance. Building public trust in the municipal assembly's tax administration and enforcement capabilities through transparency and accountability can also be helpful. It is important to note that a strong tax administration and enforcement system is essential for the financial sustainability of the municipal assembly and for the provision of necessary services to the citizens.

Inadequate tax administration systems, including limited capacity and resources, can hinder effective revenue mobilization. Insufficient enforcement mechanisms and low compliance rates contribute to revenue leakages and hamper service delivery efforts.

The issue of weak tax administration and enforcement in the Oforikrom Municipal Assembly, can be solved through some specific actions:

1. Modernizing the tax system: The Oforikrom Municipal Assembly can invest in advanced technology systems for tax collection and administration, such as electronic filing and payment systems, to improve the efficiency of the tax collection process.



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2. Enhancing the capacity of tax authorities: The municipal assembly can enhance the capacity of tax authorities by providing training and recruiting skilled personnel to identify tax evaders and enforce compliance.
  3. Improving taxpayer education: The municipal assembly can conduct taxpayer education and awareness campaigns to promote voluntary compliance.
  4. Strengthening the legal framework: The Oforikrom Municipal Assembly can strengthen the legal framework to provide the necessary authority to the municipal assembly and tax authorities to enforce compliance.
  5. Building public trust: The municipal assembly can build public trust in its tax administration and enforcement capabilities through transparency and accountability.
  6. Collaborating with other government agencies: The Oforikrom Municipal Assembly can collaborate with other government agencies to share data and information on taxpayers to enhance compliance efforts.
  7. Allocating more resources: The municipal assembly can allocate more resources to the tax collection process to ensure that there are enough staff and equipment to effectively collect taxes. By implementing these actions, the Oforikrom Municipal Assembly can improve its tax administration and enforcement capabilities, increase tax compliance rates, and generate more revenue to fund public services and infrastructure development.

#### **2.4.4.2 Informal Economy and Tax Evasion**

The prevalence of a large informal economy and widespread tax evasion pose significant challenges to revenue mobilization.

Informal economic activities often remain untaxed, resulting in revenue losses for local governments and limiting their capacity to provide essential services.

#### **2.4.4.3 Limited Fiscal Autonomy**

Local governments may face limitations in their fiscal autonomy, with limited control over revenue sources and dependence on central government transfers. This can constrain their ability to mobilize sufficient funds for service delivery.

#### **2.4.4.4 Capacity Constraints**

Insufficient technical and administrative capacity within local governments can hinder effective revenue mobilization and service delivery; inadequate training and expertise in revenue collection, financial management, and planning may limit the efficiency and effectiveness.

#### **2.4.4.5 Socioeconomic Disparities**

Socioeconomic disparities within a municipality can affect revenue mobilization and service delivery. Areas with higher poverty rates or lower economic activity may face challenges in generating sufficient revenues, leading to disparities in service provision.

### **2.5 Conceptual framework**

This section contains the conceptual framework used for the study. A conceptual framework as used in this study enables the researcher to establish the relationship between revenue mobilization and quality of service delivery by the Oforikrom Municipal Assembly.

**Figure 2. 1: Conceptual Framework on the Impact of Revenue Mobilization on Service Delivery.**



The above diagram is the conceptual framework on the impact of revenue mobilization and service delivery, using Oforikrom Municipal Assembly as a case study. Revenue mobilization plays a crucial role in ensuring effective service delivery. Research has shown that adequate and sustainable revenue streams enable governments to allocate sufficient resources towards essential public services such as healthcare, education, infrastructure development, and social welfare programs. Numerous studies have examined the impact of revenue mobilization on service delivery outcomes in different contexts. Furthermore, revenue mobilization has been found to enhance the quality and accessibility of services, contributing to improved societal well-being and economic development. For example, a study by Adu-Gyamfi and Ahoritor (2021) analyzed the relationship between revenue mobilization and infrastructure development in Ghanaian municipalities, highlighting the positive correlation between revenue generation and infrastructure provision.

In the specific case of OFMA, a study by Ankomah and Amoako (2022) investigated the impact of revenue mobilization efforts on healthcare service delivery. Their findings suggested that improved revenue collection positively influenced the availability of healthcare facilities, medical professionals, and access to quality healthcare services in the municipality.

Service delivery in the context of local government refers to the provision of public services and amenities to citizens within a particular jurisdiction. It involves the planning, management, and delivery of services such as education, healthcare, sanitation, transportation, water supply, and waste management, among others, to improve the quality of life for citizens. In Ghana, service delivery in local government is guided by the Local Government Act of 1993, which mandates the creation of District Assemblies that are responsible for providing basic services to citizens within their jurisdiction. The Act also provides for the participation of citizens in decision-making processes and the establishment of oversight mechanisms to ensure accountability and transparency in service delivery. The quality of service delivery in local government can have a significant impact on the wellbeing of citizens, and it is therefore important that efforts are made to improve delivery mechanisms and ensure that services are accessible, affordable and of high quality.

In conclusion, the literature review highlights the relationship between revenue mobilization and service delivery. Empirical evidence demonstrates the positive impact of revenue mobilization on infrastructure development, healthcare, education, and waste management. Strategies for effective revenue mobilization, including strengthening tax administration, diversifying revenue sources, and promoting citizen engagement, can enhance service delivery. However, challenges such as weak tax administration, informal economy, limited fiscal autonomy, and capacity constraints need to be addressed. Best practices and policy implications, including enhancing transparency and targeted interventions, can contribute to improved revenue mobilization and service delivery.



## **CHAPTER 3**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

In this chapter, the research methodology employed to investigate the impact of revenue mobilization on service delivery in the OFMA is outlined. This chapter describes the research design, data collection methods, sampling techniques, data analysis procedures, ethical considerations, validity and reliability measures, and potential limitations of the study.

#### **3.2 Research Design**

A mixed-methods approach was utilized to obtain a comprehensive understanding of the research topic. This involves combining quantitative data on revenue collection and expenditure with qualitative data obtained through interviews and focus groups.

#### **3.3 Data and Data Collection**

Quantitative data were collected through secondary source (i.e. financial records, budgetary documents, and reports from the finance and budget department of OFMA. Revenue and Expenditure Statements from the period of 2018 to 2022 were obtained, allowing for a longitudinal analysis of revenue mobilization and service delivery indicators.

Qualitative data were collected through semi-structured interviews and focus groups with key stakeholders, including officials from the municipal assembly, local residents, and service users. Open-ended and close-ended questionnaires were also personally administered to respondents for their responses. These qualitative methods provided insights into stakeholders' perceptions, experiences, and perspectives on revenue mobilization and service delivery.

### **3.4 Population and Sampling**

The entire population of Oforikrom Municipal Area according to the 2020 population and housing census is around Two Hundred Thirteen Thousand One Hundred and Twenty Six (213,126) people, of which One Hundred and Seven Thousand Four Hundred and Twenty Six (107,426) are Males whilst One Hundred and Five Thousand Seven Hundred (105,700) Females: Ghana Statistical Service; Population and Housing Census (2020).

Out of this population that the 200 people were sampled, of which one hundred and twenty (120) are males while eighty (80) are females.

Purposive sampling was employed to select participants for the qualitative data collection. Due to the fact that top and middle level management of the Assembly is directly responsible for the formulation of revenue mobilization techniques, 30 key managers were selected to answer questionnaires on revenue mobilization techniques and improvements thereof. A further 20 staff who are revenue collectors were selected as they directly liaise with between rate payers and the Assembly. About 75 residents living within the municipality were also selected due to their commitment in paying rates and charges levied on them .and 75 residents who have failed to honor their obligations within the period under review.

### **3.5 Data Analysis**

Quantitative data was analyzed using descriptive statistics (Mean, Standard Deviation, and Maximum and Minimum figures). Qualitative data obtained from questionnaires to the focus

groups were analyzed using thematic analysis. The analysis process involved identifying recurring themes, patterns, and insights related to the impact of revenue mobilization on service delivery.

### **3.6 Ethical Considerations**

To ensure ethical practices, informed consent were obtained from all participants before conducting interviews or using any personal data. Confidentiality and anonymity of participants were maintained by using pseudonyms and de-identifying data during analysis and reporting. The study were adheres to the ethical guidelines provided by the institution and relevant research bodies.

### **3.7 Validity and Reliability**

To enhance the validity of the study, the findings is triangulated by comparing and contrasting the quantitative and qualitative results. The reliability of the data is established through the use of standardized measurement tools, cross-checking data from multiple sources, and employing inter-rater reliability checks during qualitative analysis.

### **3.8 Limitations**

This study faced limitations such as limited access to financial data, potential biases in self-reported information, or challenges in generalizing the findings beyond the specific context of the OFMA. These limitations will be acknowledged and discussed to ensure transparency and validity in the research.

## **CHAPTER FOUR**

### **RESULTS AND DISCUSSION**

#### **4.1 Introduction**

The efficient delivery of public services is crucial for the well-being and development of local communities. Adequate revenue mobilization plays a pivotal role in ensuring the provision of quality services by local governments.

This chapter focused on the findings of the data collected. It talks about the presentation, analysis as well as discussions on the relationship between revenue mobilization practices and service delivery outcomes, revenue mobilization strategies employed by OFMA, challenges faced in revenue mobilization and how they impact service delivery and the perceptions and satisfaction levels of residents and stakeholders regarding service delivery by OFMA.

#### **4.2 Demographic Characteristics of Respondents**

Before delving into the discussion of the impact of revenue mobilization on service delivery within the OFMA, it is crucial to examine the demographic characteristics of the respondents. The demographic makeup of the participants offers insights into the diversity of perspectives that contribute to the perceptions and attitudes observed in the study.

It provide an overview of the demographic characteristics of the respondents who participated in the study. This information serves as a foundation for understanding the context in which the impact of revenue mobilization on service delivery is examined.



The study targeted 200 respondents (50 staff of OFMA and 150 residents within OFMA). Table 4.1 gives the background information of the respondents.

**Table 4.1 Demographic Characteristics of Respondents**

<b>Demographic Characteristic</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Gender</b>		
- Male	120	60%
- Female	80	40%
<b>TOTAL</b>	<b>200</b>	
<b>Age Group</b>		
- 18-25	30	15%
- 26-35	60	30%
- 36-45	50	25%
- 46-55	40	20%
-56 and above	20	10%
<b>TOTAL</b>	<b>200</b>	
<b>Educational Level</b>		
- Senior High School	35	17.5%
- HND	10	5%
- Bachelor's Degree	70	35%
- Master's and above	25	12.5%
- Professional	20	10%
- Others	40	20%
<b>TOTAL</b>	<b>200</b>	
<b>OFMA- Departments</b>		
-Central Administration	22	44%
-Finance	3	6%
-HR	6	12%
-Works	4	8%
- Agric	3	6%
-Physical Planning	5	10%
-Social Welfare	7	14%
<b>TOTAL</b>	<b>50</b>	
<b>Length of Service</b>		
-Less 1 year	5	10%
-1-5 years	45	90%

Demographic Characteristic	Frequency	Percentage
-6-10 years	-	-
-11 years and above	-	-
<b>TOTAL</b>	<b>50</b>	
<b>Occupation of Residents</b>		
-Civil Service	47	31%
-Self Employed	36	24%
-Privately Employed	38	26%
-Unemployed	29	19%
<b>TOTAL</b>	<b>150</b>	
<b>Length of Residency within OFMA</b>		
-Less 1 year	18	12%
-1-5 years	63	42%
-6-10 years	33	22%
-11 years and above	36	24%
<b>TOTAL</b>	<b>150</b>	

**Source: Fieldwork, 2023**

#### 4.2.1 Gender Distribution

The distribution of gender among the respondents is significant in understanding how different segments of the population view the subject matter. Out of the total 200 respondents, 120 (60%) identified as male, while 80 (40%) identified as female. This gender distribution reflects a balanced representation of both genders and ensures that the study captures a broad range of viewpoints. Gender-related differences in perceptions of the impact of revenue mobilization on service delivery could potentially influence the study's findings.

#### 4.2.2 Age Group Distribution

The age distribution of respondents ranges across various age groups: 15% fell within the 18-25 age range, 30% in the 26-35 range, 25% in the 36-45 range, 20% in the 46-55 range, and 10% are

56 years and above. This diverse age distribution ensures insights from different generations and life stages. This diverse age distribution allows for a comprehensive exploration of how varying life experiences and generational attitudes might shape opinions regarding the topic.

#### **4.2.3 Education Level Distribution**

Education level is another critical demographic characteristic that can influence how respondents perceive and evaluate municipal affairs. The educational backgrounds of the respondents vary. The largest group holds a Bachelor's Degree (35%), followed by Senior High School (17.5%), and Others (20%), which includes various educational backgrounds and illiterates. Notably, there are also respondents with Master's and above degrees (12.5%), as well as those with Professional (10%) and HND (5%) qualifications.

#### **4.2.4 Departmental Representation of OFMA**

The respondents represent various departments within the OFMA: 44% are from Central Administration, 12% from HR, 14% from Social Welfare, 10% from Physical Planning, 8% from Works, 6% from Agric, and 6% from Finance. This distribution ensures insights from different departments, contributing to a holistic understanding of the topic.

#### **4.2.5 Length of Service among the Staff of the Assembly**

The length of service distribution indicates that 90% of respondents have been working for 1-5 years, suggesting a considerable level of experience. However, it's important to note that none of the staff has worked for the period 6-10 years and 11 years and above categories.

#### **4.2.6 Occupation of Residents within OFMA**

The table further indicated the occupation of residents within the Municipality. 47 out of the sampled 150 residents were civil servants, 36 were self-employed; 38 were privately employed and 29 were unemployed. By considering these employment statuses, the researcher captures a cross-section of the community's workforce, each with their distinct viewpoint on the relationship between revenue mobilization and service delivery outcomes.

#### **4.2.7 Length of Residency within OFMA**

According to table 4.1, 18 residents have resided within the Municipality for less than one year, 63 residents have live in OFMA for a duration ranging from 1-5 years; 33 respondents have been residing in OFMA for a of 6-10 years and lastly 36 individuals reported residing in the area for 11 years and above.

By examining the length of residency demographics, the study captures the collective experience of residents with varying degrees of attachment to the community. This gives understanding of how resident's time within the municipality correlates with their perceptions of the impact of revenue mobilization on service delivery.

#### **4.2.8 Summary**

The demographic characteristics of the respondents underscore the diverse perspectives that contribute to the findings of this study. Gender, age, education levels, department one belongs to and their years of service play pivotal roles in shaping perceptions and attitudes related to revenue

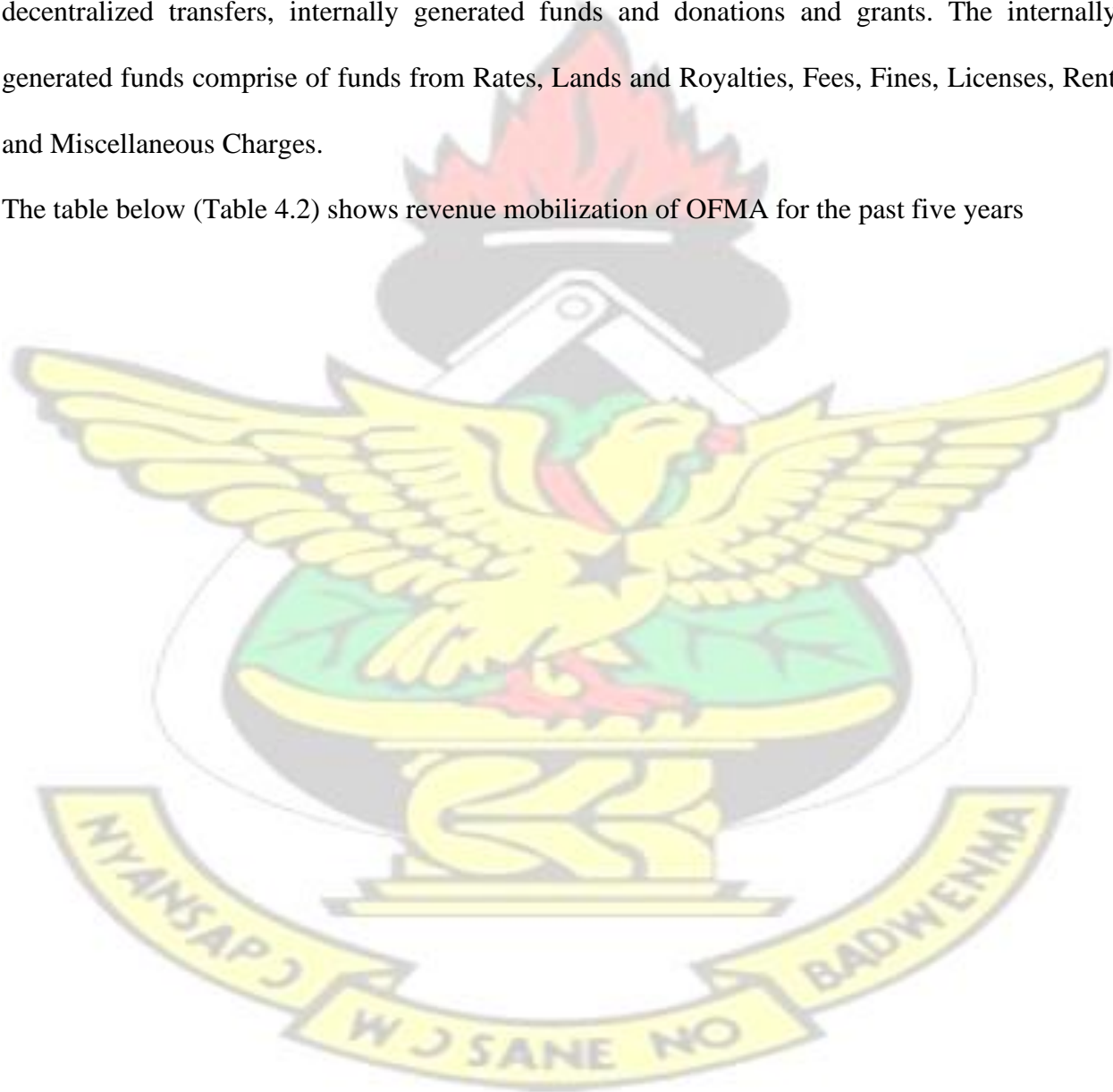


mobilization practices and service delivery outcomes. Recognizing these demographic factors is essential for interpreting the subsequent discussion of the various objectives of the study.

### **4.3 Revenue Mobilization**

According to Section 124 of the Local Governance Act, 2016 (Act 936), revenues of DAs comprise decentralized transfers, internally generated funds and donations and grants. The internally generated funds comprise of funds from Rates, Lands and Royalties, Fees, Fines, Licenses, Rent and Miscellaneous Charges.

The table below (Table 4.2) shows revenue mobilization of OFMA for the past five years

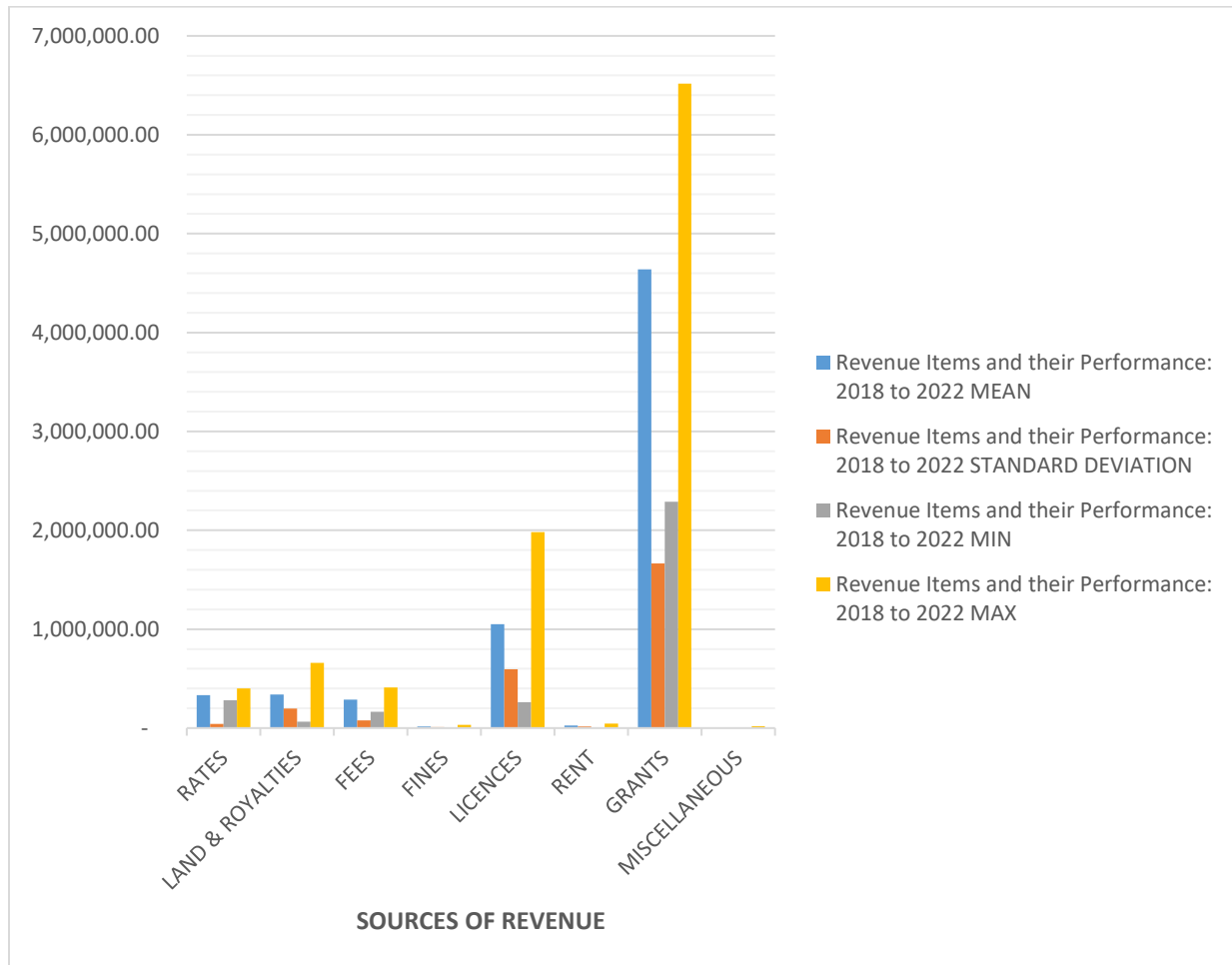


**Table 4.2 Revenue Mobilization of OFMA**

REVENUE	2018 (GH¢)	2019 (GH¢)	2020 (GH¢)	2021 (GH¢)	2022 (GH¢)	TOTAL (GH¢)	MEAN	STANDARD DEVIATION	MIN.	MAX.
Rates	280,447.55	314,747.09	314,970.98	401,972.24	360,069.77	<b>1,672,207.63</b>	334,441.53	42,188.92	280,447.55	401,972.24
Land & Royalties	63,150.29	328,534.18	658,697.62	420,000.00	230,000.00	<b>1,700,382.09</b>	340,076.42	198,416.42	63,150.29	658,697.62
Fees	295,755.00	411,561.00	166,536.00	289,189.00	274,522.00	<b>1,437,563.00</b>	287,512.60	77,798.26	166,536.00	411,561.00
Fines	10,385.00	33,736	3,650.00	13,319.00	12,655.76	<b>73,745.76</b>	14,749.15	10,091.23	3,650.00	33,736.00
Licenses	261,293.00	743,974.76	840,936.42	1,422,820.35	1,980,445.02	<b>5,249,469.55</b>	1,049,893.91	593,993.38	261,293.00	1,980,445.02
Rent	12,823.00	39,313.91	45,059.71	33,312.00	6,493.00	<b>137,001.62</b>	27,400.32	15,088.74	6,493.00	45,059.71
Grants	2,289,245.80	5,253,034.37	6,515,812.69	3,079,418.88	6,063,836.51	<b>23,201,348.25</b>	4,640,269.65	1,666,328.49	2,289,245.80	6,515,812.69
Misc.	3,800.00	19,676.44	0	8,767.67	0	<b>32,244.11</b>	6,448.82	7,355.78	-	19,676.44
<b>TOTAL</b>	<b>3,216,899.64</b>	<b>7,144,577.75</b>	<b>8,545,663.42</b>	<b>5,668,799.14</b>	<b>8,928,022.06</b>	<b>33,503,962.01</b>				

**Source: OFMA Financial Statements (2018 – 2022)**

**Figure 4.1 Revenue Mobilization of OFMA**



**Source: Fieldwork, 2023**

Table 4.2 and Figure 4.1 present the revenue sources of OFMA for the past five years. Revenues were recorded from eight streams; Rates, Land and Royalties, Fees, Fines, Licenses, Rent, Grants and Miscellaneous. The Assembly recorded the highest revenue from grants forming about 69.25% of the total revenue realized within the five year period with 2018 recorded the least grants while 2020 recorded the highest grant. The mean revenue for Grants is approximately GH¢4,640,269.65 and Standard Deviation is 1,666,328.49. License is the next to Grant with 15.67% of total revenue over the past five years. The mean for revenue from License is approximately GH¢1,049,893.91

and SD is GH¢593,993.38. Again, revenue from Land and Royalties is about 5.08% of the total revenue over the past five years with the mean being approximately GH¢340,076.42 and SD of GH¢198,416.42. The high standard deviations for Grants, Licenses and Land and Royalties suggest significant variability in these revenue streams from year to year.

The table further shows revenue from Rates which amounts to 4.99% of the total revenue with mean being approximately GH¢334,441.53 and SD of GH¢42,188.92. Fees also forms 4.26% of total revenue; a mean revenue of approximately GH¢287,512.60 and SD of GH¢77,798.26. These suggest that the average revenues from Rates and Fees are relatively stable with moderate amount of variability around the mean.

Again, revenue from Fines, Rent and Miscellaneous forms about 0.22%, 0.41% and 0.10% respectively. Their average revenues are GH¢14,749.15, GH¢27,400.32 and GH¢6,448.82 and SD of GH¢10,091.23, GH¢15,088.74 and GH¢7,355.78 respectively. There is relative low revenues in these three categories and the SD indicate a notable amount of or moderate variability around the mean.

The mean shows the average revenue of a revenue stream over the past five years whereas the standard deviation presents the degree of variability from year to year across the five years. The revenue categories vary significantly in terms of their average revenue and the extent of variability. While some categories such as Rates and Fees demonstrate relatively stable revenue streams, others like Grants, Licenses, and Land & Royalties show notable fluctuations in revenue over the



years. These analyses provide a glimpse into how the mean and the SD helps to understand the trends and variability in each revenue category over the years.

#### 4.4 The relationship between Revenue Mobilization and Service Delivery

The spirit of decentralization is that the local government should generally be in a better position to identify local needs and deliver public services accordingly (Brewer et al 2006)

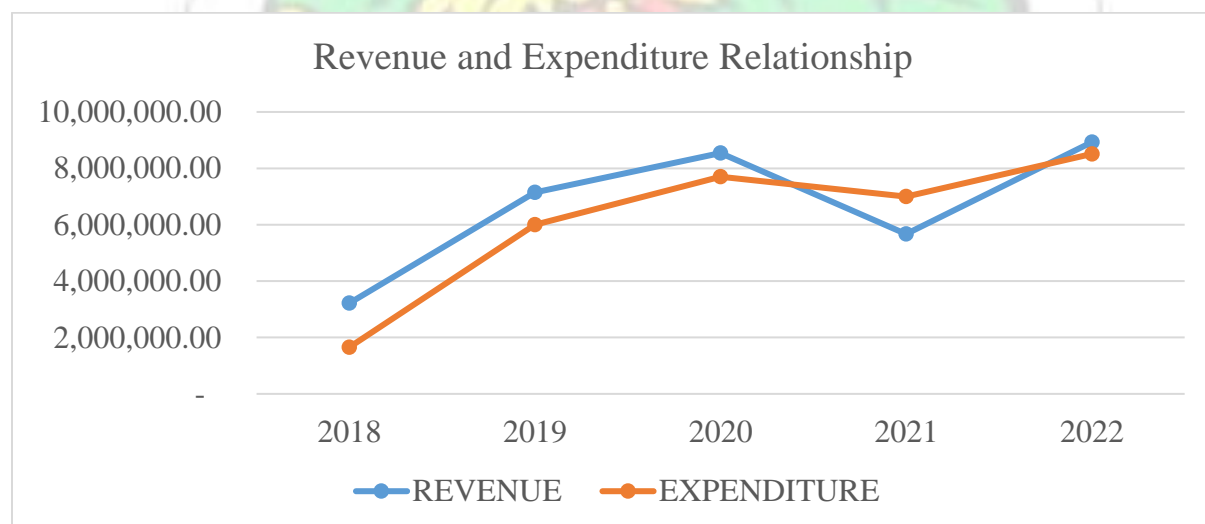
For the purpose of the study, the relationship between revenue mobilizations and service delivery was measured in terms of revenue generated and the expenditure thereon.

**Table 4.3 Revenue and Expenditure Relationship**

	2018	2019	2020	2021	2022	TOTAL
Revenue	3,216,899.64	7,144,577.75	8,545,663.42	5,668,799.14	8,928,022.06	33,503,962.01
Expenditure	1,655,630.90	5,995,106.50	7,701,818.44	6,995,180.02	8,511,102.64	30,858,838.50
Percentage (%)	51.47%	83.91%	90.13%	123.40%	95.33%	

Source, OFMA Financial Statements (2018 – 2022)

**Figure 4.2 Revenue and Expenditure Relationship**



Source: Fieldwork, 2023

Table 4.3 and Figure 4.2 provide insight into OFMA’s revenue mobilization and service delivery through the expenditure. Over the five year period, the Assembly experienced a consistent increase in revenue. This upward trajectory suggests positive growth and potentially improved income streams. Similar to revenue, the expenditure also displayed an upward trend during the same period.

The positive correlation between revenue and expenditure is evident in the upward trend of both variables. This indicates that as revenue increased, OFMA allocated more funds for various purposes. The strong correlation underscores the Assembly’s financial strategy of aligning expenditure with generated revenue. The analysis shows that revenue mobilization in the Assembly significantly affected the levels of service delivery

#### **4.4.1 Level of Agreement to the Relationship between Revenue and Service Delivery**

Additionally, questionnaires were administered to ascertain opinion of respondents on the relationship between the amount of revenue collected by the Assembly and the public service provided thereon. The table below details the level of agreement.

**Table 4.4 Level of Agreement to the Relationship between Revenue and Service Delivery**

<b>Opinion</b>	<b>Frequency</b>	<b>Percentage</b>
	<b>n</b>	<b>%</b>
Strongly Disagree	6	3.00
Disagree	11	5.50
Neutral	10	5.00

Agree	48	24.00
Strongly Agree	125	62.50

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**Total Number of Respondents (n) = 200**

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**Source: Fieldwork, 2023**

Majority of respondents (62.50%) believe that there is a relationship between revenue mobilization and service delivery. Puopiel and Chimsi (2015) however observed that the level of development projects undertaken by MMDAs influence residents' attitude towards their tax obligation.

According to Ray, 2007, service delivery is the process of extending basic services like education, healthcare, water, transport and communication where the end users are the public or local people within the Municipality. At the heart of concern of service delivery is whether they are intended to benefit the Municipal Assembly or the residents (Heskett, 2006)

#### **4.5 Revenue Mobilization Mechanisms**

The study further requested respondents to list the procedures regarding OFMA revenue mobilization with the results shown in Table 4.5.

**Table 4.5 Mechanisms for Revenue Mobilization**

Procedures			Frequency	Percentage
			n	%
Through OFMA staff			86	43.00%
Through Outsourced Revenue Collectors/Agents			20	10.00%
Both			55	27.50%
Walk-in			28	14.00%
Others			11	5.50%

---

**Total Number of Respondents (n) = 200**

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**Source: Fieldwork, 2023**

According to 43% of the respondents, OFMA should use its staff only in revenue collections. On the other hand, 27.5% of the respondents held that, OFMA should utilize and approach where both the Assembly staff and agents are involved in revenue collection. 14%, 10% and 5.5% of respondents employ the Assembly to rely on walk-in, Revenue Agents and Others respectively. As observed by Kimutai, 2017, decentralized government units must carefully consider which revenue mobilization mechanisms to utilize to ensure efficiency. Mrutu and Mganga, 2016 also advise that, revenue mobilization should take into consideration the costs and the perceptions of ratepayers to enhance the compliance levels.

#### **4.6 Rating of Revenue Mobilization Practices**

<b>Mechanisms</b>	<b>Not Effective</b>		<b>Less Effective</b>		<b>Very Effective</b>	
	<b>n</b>	<b>%</b>	<b>n</b>	<b>%</b>	<b>n</b>	<b>%</b>
Revenue Collection Techniques and Processes	135	67.50	43	21.50	22	11.00
Deployment of Technology	173	86.50	20	10.00	7	3.50
Transparency and Accountability	68	34.00	35	17.50	97	48.50
Awareness of Revenue Collection Streams	98	49.00	39	19.50	63	31.50
Sensitization of Rate Payers	53	26.50	78	39.00	69	34.50
Overall Rating of Revenue Mobilization Practices	129	64.50	59	29.50	12	6.00
<b>Total Number of Respondents (n) = 200</b>						

**Source: Fieldwork, 2023**



According to majority of the respondents (residents and staff), 64.50%, the existing revenue mobilization practices are not effective, whereas 29.5% believe they are less effective. A marginal number of 12 respondents (6%) only asserted that the revenue collection mechanisms are effective. This outcome is in line with several scholars such as Adu-Gyamfi, 2014 and Kimutai, 2017 who concluded that, that are complexities and inefficiencies in revenue collection practices of decentralized government units. They further propounded that, for Assemblies to be able to serve its citizens well, they need to have innovative source of revenue and efficient revenue mobilization mechanisms.

#### 4.6 Challenges and Barriers faced in Revenue Mobilizations

The Assembly encounters various challenges in its revenue mobilization. The table below details the barriers faced by OFMA.

**Table 4.7 Challenges and Barriers**

Challenge	Not Challenging		Least Challenging		Most Challenging	
	n	%	n	%	n	%
Lack of Proper Database on Ratable Person	67	33.50	50	25.00	83	41.50
Low Level of Public Education	173	86.50	20	10.00	7	3.50
Low deployment of appropriate Technology	68	34.00	35	17.50	97	48.50
Unwillingness of Businesses and Households to pay Appropriate Amount	49	24.50	39	19.50	112	56.00
Lack of Proper Accountability	153	76.50	27	13.50	20	10.00
Inadequate Training Programs for Collectors	165	82.50	23	11.50	12	6.00
High Cost of Living	59	29.50	66	33.00	75	37.50
Lack of Adequate Logistics and Tools for Collection	57	28.50	44	22.00	99	49.50
<b>Total Number of Respondents (n) = 200</b>						

**Source: Fieldwork, 2023**

The respondents rated the unwillingness of businesses and households to pay appropriate amount as the most challenging in revenue mobilization followed by lack of adequate logistics and tools for collection. Public education and sensitization according to respondents is the strength of OFMA as it scored 86.50% for not being challenging.

Other challenges mentioned by the revenue collectors were poor administrative capacity, intentional evasion of revenue, corruption, including embezzlement of revenues by revenue collectors and poor budget formulation and implementation.

These challenges encountered by OFMA in revenue mobilization account for low levels of revenue and inability of the Assembly to meet its service delivery targets. These barriers confirms the findings of earlier researchers like Agyepong (2012), Akorsu (2015) and Puopei and Chimsi (2015) who established a number of challenges confronting MMDAs in effective mobilization of revenue.

#### **4.7 Strategies to Improve Revenue Mobilization**

To further improve internally generated funds of the Assembly, there is the need to periodically reshuffle revenue collectors, undertake further training and capacity building as well as institute effective monitoring systems. Also, there is the need to reduce the cost of collection. The Assembly should continuously and aggressively diversify and look for other revenue source. The comparison below shows budgeted figures vs actual figures.

**Table 4.8 Budget vs Actual (Revenue and Expenditure)**

<b>Revenue</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>TOTAL</b>
Budget	6,425,564.63	11,270,265.52	12,630,041.88	23,196,015.46	19,959,633.13	73,481,520.62
Actuals	3,216,899.64	7,144,577.75	8,545,663.42	5,668,799.14	8,928,022.06	33,503,962.01
	3,208,664.99	4,125,687.77	4,084,378.46	17,527,216.32	11,031,611.07	39,977,558.61
<b>Expenditure</b>						
Budget	6,425,564.63	11,270,265.52	12,630,041.88	23,196,015.46	19,959,633.13	73,481,520.62
Actuals	1,655,630.90	5,995,106.50	7,701,818.44	6,995,180.02	8,511,102.64	30,858,838.50
	4,769,933.73	5,275,159.02	4,928,223.44	16,200,835.44	11,448,530.49	42,622,682.12

**Source: OFMA Financial Statements (2018-2022)**

Per the budgeted and actual figures above, there was revenue shortfalls throughout the five year period making it difficult for the Assembly to undertake all planned activities for the periods. Having realized that revenue shortfalls constitute a hindrance in local level development, OFMA is expected to adopt several strategies to strengthen its revenue mobilization spree. These strategies include revaluation of landed property rate, formulation of effective revenue task force for enforcement of revenue payment, intensifying revenue mobilization campaigns and education (Ayee, 2003 and Kokor, 2001).

#### **4.8 Perceptions and Satisfaction Levels of Residents and Stakeholders**

The provision of quality service should exceed resident's expectation. If perceived service is below expectation customers may lose interest in the provider while the opposite creates loyalty (Blazek, 2005)

#### 4.9 Revenue Mobilization and Service Delivery Awareness

**Table 4.9 Residents Knowledge about Revenue Streams and Service Delivery**

Responses	Frequency	Percentage
	<b>n</b>	<b>%</b>
Very Much	23	15.33
Much	76	50.67
Not that Much	33	22.00
Not at all	18	12.00

**Total Number of Respondents (n) = 150**

**Source: Fieldwork, 2023**

The awareness of revenue payers on the Assembly's revenue mobilization and service delivery is very crucial. Some residents admitted that, their awareness could help them to understand the Assembly's revenue issues and service delivery which will consequently increase their confidence in the Assembly easing cooperation for revenue payment. This outcome is in line with Asante et al (2014) and Adu-Gyamfi (2014)'s finding that found that most revenue payers will always honor their revenue obligations when they are aware of their responsibility to pay and the importance attached to the payment of revenue to the Assembly.

#### 4.10 Level of Satisfaction of Residents and Stakeholders

**Table 4.10 Service Satisfaction Levels**

Service	Not Satisfactory		Less Satisfactory		Very Satisfactory	
	n	%	n	%	n	%
Waste Management and Sanitation Improvement	67	33.50	50	25.00	83	41.50



Road Construction and Maintenance	173	86.50	20	10.00	7	3.50
Building of Health Facilities	68	34.00	35	17.50	97	48.50
Building of Education Facilities	49	24.50	39	19.50	112	56.00
Scholarships and Bursaries	20	10.00	27	13.50	153	76.50
Other Infrastructure	41	20.50	73	36.50	86	43.00
Administrative Services	44	22.00	23	11.50	133	66.50
<b>Total Number of Respondents (n) = 200</b>						

**Source: Fieldwork, 2015**

From the responses, it's evident that there are varying levels of satisfaction across different services categories. Some services like Scholarships and bursaries and Building of Education Facilities received high percentage of very satisfactory responses of 76.5% and 56% respectively whereas services like Road Construction and Maintenance have a majority of respondents (86.5%) indicating greatest dissatisfaction. This data is useful for understanding which services are meeting expectations and which areas need improvement.

#### **4.11 Chapter Summary**

This chapter presented the results of the data and interpreted in line with the research objectives and research questionnaires. The conceptual framework depicted that revenue mobilization practices can have either a positive or a negative impact on services delivery (i.e. infrastructure provision, health care facilities, educational resources, waste management systems etc.) of the OFMA. The analysis further established that, certain prerequisites for revenue mobilization are necessary to influence the service delivery. These prerequisites include efficiency and effectiveness in revenue collection, adequacy of collected revenues, improved public education,

deployment of appropriate technology, provision of adequate logistics, training for collectors and proper accountability.

The ineffectiveness in revenue mobilization practices coupled with inadequacy of the collected revenue related well with the poor ratings of service delivery. This explains the significant effect revenue mobilization has on service delivery; implying that when OFMA enhance its revenue mobilization practices, service delivery is expected to improve.

The study's conclusion that revenue mobilization has a significant and positive impact on service delivery. This positive correlation between Revenue Mobilization and Service Delivery according to this study is consistent with research findings (Fosu and Ashiagbor, 2012; Adu-Gyamfi, 2014) that many Ghanaian devolved units have a poor track record of revenue mobilization and rely primarily on financial transfers from the central government, which prevents them from offering the high-quality services that the people living in the municipalities want.

This study's findings further supports study by Adu-Gyamfi and Ahortor (2021) which analyzed the relationship between revenue mobilization and infrastructure development in Ghanaian municipalities, highlighting the positive correlation between revenue generation and infrastructure provision.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter presents the summary of major findings, conclusions, and recommendations of the study. The study examined the impact of revenue mobilization on service delivery by Oforikrom Municipal Assembly.

By investigating the relationship between revenue mobilization and service delivery outcomes, the study has uncovered valuable insights into how revenue collection and allocation practices impact the quality, accessibility, and coverage of essential services provided to the local community. It explored the significance of these findings, highlighting the strengths and weaknesses of the existing revenue mobilization mechanisms employed by the OFMA.

Additionally, the work addressed the key challenges and barriers faced by the OFMA in mobilizing revenue effectively. Understanding these challenges is crucial for devising targeted interventions to overcome them and enhance revenue mobilization efforts. The study's findings shed light on the specific obstacles faced by the municipality and offer potential solutions to improve revenue generation and allocation practices.

Moreover, the study discussed the perceptions and satisfaction levels of residents and stakeholders regarding service delivery in the OFMA. Their insights and feedback provide valuable input for evaluating the actual performance of service delivery and identifying areas that require attention and improvement.

## 5.2 Summary of Findings

The study revealed that eight main sources of revenue are available to the OFMA which includes Rates, Land & Royalties, Fees, Fines, Licenses, Rent, Grants and Miscellaneous. The Assembly recorded its highest revenue from grants constituting about 69.25% of the total revenue realized within the five year period having a mean revenue of approximately GH¢4,640,269.65 and SD is GH¢1,666,328.49. Grants, Licenses and Land and Royalties recorded high SD suggesting significant variability in these revenue streams from year to year. On the other hand the average revenues from Rates and Fees were relatively stable with moderate amount of variability around the mean and relatively low revenues from Fines, Rent and Miscellaneous their SD indicated a notable amount of or moderate variability around the mean.

The positive correlation between revenue and expenditure indicated that as revenue increased, OFMA allocated more funds for various purposes. The analysis shows that revenue mobilization in the Assembly significantly affected the levels of service delivery. Furthermore, 62.5% of respondents strongly agreed to the relationship between revenue mobilization practices and service delivery

The study further revealed that, 43% of the respondents requested OFMA to use its staff only in revenue collection with majority of the respondents (residents and staff), 64.50%, noting that the existing revenue mobilization practices are not effective and a marginal number of 12 respondents (6%) asserted that the revenue collection mechanisms were effective



The study established that revenue mobilization at OFMA has been plagued with challenges and barriers such as the unwillingness of businesses and households to pay appropriate amount, lack of adequate logistics and tools to effectively handle the revenue collection mandate of the Assembly, inadequate training of revenue collectors, lack of proper data on ratable persons and low public education and sensitization

Having realized that revenue shortfalls constitute a hindrance in local level development, the study revealed that intensive public education to increase public awareness is required. The study further established that revenue mobilization taskforce and police should be used to embark on rigorous revenue collection, the Assembly should expand the revenue base and clamp down on revenue related corruption

The study further established that residents and stakeholders are more satisfied with services like Scholarships and Bursaries but greatly dissatisfied with Road Construction and Maintenance within the Municipality.

### **5.3 Conclusion**

In conclusion, revenue mobilization practices has a significant influence on service delivery. The study established that though OFMA had various sources of revenue and mechanisms, they were ineffective as well as inefficient in collecting the needed revenue for quality service delivery. This resulted in poor ratings of service delivery.

Further, though revenue mobilization of OFMA had improved tremendously within the five year period, the revenue generated were not adequate for the expected service provision. Revenue collection was also riddled with inefficiencies and corruption. This has hindered OFMA from providing the requisite services to the citizens within the municipality leading to poor rating and dissatisfaction among residents.

#### **5.4 Recommendations**

Based on the comprehensive analysis and synthesis of the findings, this study underscores the importance of effective revenue mobilization practices for enhancing service delivery in the OFMA. By implementing the following recommendations, the municipality can work towards improving revenue mobilization efforts and ultimately enhancing service delivery outcomes:

1. Strengthen revenue mobilization mechanisms by adopting transparent and efficient processes that encourage tax compliance and discourage tax evasion.
2. OFMA should strengthen automation and appropriate technologies for better revenue mobilization and service delivery; automation systems such as mobile payment platforms.
3. OFMA should improve the capacity of revenue collectors and enhance the capacity of staff of other departments and units such as the accounts department and the internal audit unit so that they can effectively utilize innovations and appropriate technologies to supervise and monitor revenue mechanisms and operations of the Assembly.
4. Implement targeted interventions to address the identified challenges and barriers, including establishing enforcement mechanisms, streamlining revenue collection procedures, and fostering community awareness and engagement.
5. OFMA should push for legislative reforms to widen the revenue base.

6. Continuously monitor and evaluate service delivery outcomes to identify areas for improvement and ensure the effective utilization of revenue generated.
7. Foster collaboration and engagement with residents and stakeholders to align service delivery with their needs, preferences, and expectations.

By implementing these recommendations, the OFMA can strive towards achieving more sustainable and equitable service delivery, ensuring the well-being and satisfaction of its residents.



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## **APPENDIX A**

**KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY**

**SCHOOL OF BUSINESS**

**DEPARTMENT OF ACCOUNTING AND FINANCE**

**TOPIC: THE IMPACT OF REVENUE MOBILIZATION ON SERVICE DELIVERY: A  
CASE STUDY OF OFORIKROM MUNICIPAL ASSEMBLY (OFMA)**

**Questionnaires for Oforikrom Municipal Assembly Staff**

### **Introduction**

Thank you for participating in this research study. The purpose of this questionnaires is to gather valuable insights into the impact of revenue mobilization on service delivery within Oforikrom Municipality, Kumasi

Your response will contribute to a better understanding of how financial resources impact the quality and effectiveness of public services.

### **Section A: Demographic Information**

1. Gender:    ☐ Male        ☐ Female
2. Age:        ☐ 18-25        ☐ 26-35        ☐ 36-45        ☐ 46-55        ☐ 56 and above
3. Educational Background: ☐ SHS        ☐ HND        ☐ Bachelor's Degree  
   ☐ Master's Degree    ☐ Professional        ☐ Others.....
4. Department:        ☐ Finance    ☐ Central Administration    ☐ HR        ☐ Works  
                                 ☐ Agric        ☐ Physical Planning        ☐ Social Welfare

5. Years of Service    ☐ Less than 1 year    ☐ 1-5years    ☐ 6-10years    ☐ 11years and above

### Section B: Revenue Mobilization at OFMA

Please indicate the level of effectiveness or non-effectiveness where 1 represent not effective, 2 less effective and 3 very effective by ticking [✓] the appropriate option

		1	2	3	REMARKS
6	Revenue Collection Techniques				
7	Revenue Collection processes				
8	Transparency and Accountability				
9	Awareness of Revenue Collection Streams				
10	Sensitization of rate payers on timely payment of fees and rates				

11. How do you think the Oforikrom Municipal Assembly can improve its revenue mobilization efforts?.....

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.....

### Section C: Relationship between Revenue Mobilization and Service Delivery at OFMA

12. In your opinion, is there a connection between the amount of revenue collected by the Assembly and the quality of public services provide?

☐ Strongly Disagree   ☐ Disagree   ☐ Neutral   ☐ Agree   ☐ Strongly Agree

### Section C: Challenges and Barriers faced in Revenue Mobilization at OFMA

In order of severity, kindly rank the following challenges faced by the Assembly in revenue mobilization with 1 being not challenging, 2 least challenging and 3 most challenging by ticking [√] the appropriate option

	Challenges	1	2	3	REMARKS
13	Lack of Proper Database on rateable persons				
14	Low Levels of Public Education				
15	Low Deployment of Appropriate Technology				
16	Unwillingness of Businesses and Households to pay Appropriate amount				
17	Lack of Proper Accountability				
18	Lack of adequate Logistics and tools for revenue collection				
19	Inadequate training programs for revenue collectors				
20	High cost of living				

21. Have you ever encountered any corrupt practices related to revenue mobilization in the OFMA?.....

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.....



## **APPENDIX B**

**KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY**

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**TOPIC: THE IMPACT OF REVENUE MOBILIZATION ON SERVICE DELIVERY: A  
CASE STUDY OF OFORIKROM MUNICIPAL ASSEMBLY (OFMA)**

**Questionnaires for Oforikrom Municipal Assembly Residence**

### **Introduction**

Thank you for participating in this research study. The purpose of this questionnaires is to gather valuable insights into the impact of revenue mobilization on service delivery within Oforikrom Municipality, Kumasi

Your response will contribute to a better understanding of how financial resources impact the quality and effectiveness of public services.

### **Section A: Demographic Information**

1. Gender:    ☐ Male        ☐ Female
2. Age:        ☐ 18-25        ☐ 26-35        ☐ 36-45        ☐ 46-55        ☐ 56 and above
3. Educational Background: ☐ SHS        ☐ HND        ☐ Bachelor's Degree  
   ☐ Master's Degree    ☐ Professional        ☐ Others.....
4. Occupation:        ☐ Civil Servant        ☐ Self-Employed        ☐ Privately Employed  
   ☐ Unemployed

**Oforikrom Municipal Assembly**

**Oforikrom Municipal Assembly**

ut the services provided by the Oforikrom Municipal Assembly?

☐ Not that much      ☐ Not at all

satisfaction where 1 represent not satisfied, 2 less satisfied and 3 very  
appropriate option

	Services	1	2	3	REMARKS
7	Waste Management and Sanitation Improvement				
8	Road Construction and Maintenance				
9	Building of Health Facilities				
10	Building of Education Facilities				
11	Scholarships and Bursaries				
12	Other Infrastructure				
13	Administrative Services				

### Section C: Perceptions of Service Delivery

14. How well do you know about the various revenue streams used by the OFMA to finance its services?

☐ Very much      ☐ Much      ☐ Neutral      ☐ Not at all

15. What relationship do you think exists between revenue mobilization practices and service delivery?

☐ Positive relationship      ☐ Negative relation      ☐ No relationship

16. Have you ever encountered any suspicious corrupt practices related to revenue mobilization in the OFMA?    ☐ Yes      ☐ No      ☐ Unsure

17. How satisfied are you with the services provided by OFMA?

☐ Very satisfied      ☐ Somewhat satisfied      ☐ Neutral      ☐ Somewhat dissatisfied  
☐ Very dissatisfied

18. Have you ever participated in community consultations or feedback sessions organized by OFMA regarding service delivery?    ☐ Yes      ☐ No

19. Do you believe that OFMA effectively involves residents and stakeholders in decisions related to service delivery?

☐ Strongly Disagree    ☐ Disagree      ☐ Neutral    ☐ Agree      ☐ Strongly Agree

20. How do you rate the transparency and accountability of the Oforikrom Municipal Assembly in its revenue mobilization efforts?

☐ Very high      ☐ High      ☐ Low      ☐ Very Low      ☐ Other (please specify)

21. In your opinion, what are some of the biggest challenges facing the Oforikrom Municipal Assembly in its efforts to mobilize revenue?

☐ Lack of funding    ☐ Inefficient revenue collection methods    ☐ Resistance from residents  
☐ Corruption      ☐ Others (please specify)

22. How do you think OFMA could improve its service delivery?

- ☐ Increased funding for public services      ☐ Improved revenue mobilization efforts  
☐ Hiring more staff      ☐ Better training for existing staff      ☐ Other (please specify)

23. Do you believe that revenue mobilization efforts have a significant impact on the quality of public services provided by the OFMA?      ☐ Yes      ☐ No      ☐ Unsure

