AN ANALYSIS OF DETERMINANTS OF EFFECTIVE TAX ADMINISTRATION: INLAND REVENUE DEPARTMENT, NAMIBIA

A THESIS SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF SCIENCE IN ACCOUNTING & FINANCE

OF

THE UNIVERSITY OF NAMIBIA

BY

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April 2022

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ABSTRACT

Tax in Namibia, as is the case in the rest of the world, is a key source of government revenue, amongst others sources. However, the government of Namibia has not been able to fully exploit this excellent opportunity to generate revenue effectively. The tax is collected at a lower level because of the inefficiency of tax administration in Namibia. The purpose of this study is to investigate the determinants of tax administration efficiency from the Namibian perspective. This study is based on three variables used to determine factors that affect tax administration efficiency in Namibia. The three variables that are measured in this current study are: 1) organisational processes; 2) organisational resources; and 3) employee skills. This study is underpinned by the goal-setting theory and further supported by the governance theory. The data were collected through the distribution of questionnaires to a sample of 120 employees in Namibia's Inland Revenue Authority. A total of 81 questionnaires were analysed using the IBM Statistical Package for Social Sciences (SPSS). Based on multiple regression analysis and other statistical techniques, the results of the study showed a significant relationship between organisational processes, organisational resources, and employee skills development with the efficiency of tax administration. The three variables were therefore found to be crucial for enhancing the effectiveness of tax administration. However, the Inland Revenue Department (IRD) in Namibia was found to have ineffective organisational processes, inadequate resources, and a lack of focus on skills development. This has negatively affected the effectiveness of tax administration in the country. The study recommended that the IRD should give importance to the creation of awareness among taxpayers and the continuous development of employee skills in order to improve their competences in revenue

administration. The IRD should also increase the level of automation of an administrative process to ensure efficiency and minimise the cases of corruption and fraud. Given the findings from the study, several limitations and suggestions for future studies that can be conducted in this scope in Namibia are suggested.

ACKNOWLEDGEMENT

This research had been made possible through the assistance and support of a lot of people including parents, teachers, family and friends. Special words of gratitude therefore go to the following people:

Ms. Melanie Hoaes for her support, encouragement and advice to me during the difficult time of conducting my research project, as well as the entire staff at Ministry of Finance for their assistance in obtaining the required information.

Mr. Andries Naobeb and Ms. Jennifer Kgobetsi who read my research project and provided me with valuable inputs.

A special thank you to my supervisors, Dr Warikandwa and Dr Mashiri who provided me with advice and technical support. This research would not be possible without both of you.

Remarkable thanks to the Almighty God who provided me with life and the energy to face the challenges of completing this research.

DECLARATION

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LIST OF ABBREVIATIONS

ESD	Employees Skills Development
GDP	Gross Domestic Products
ICT	Information and Communications Technology
ITAS	Integrated Tax Administration System
IRD	Inland Revenue Department
NamRA	Namibia Revenue Agency
OECD	Organisation for Economic Cooperation and Development
PHD	Doctor of Philosophy
PwC	Pricewaters House Coopers
(RBV)	Resource Based View
SME	Small to Medium Enterprise
SPSS	Statistical Package for the Social Sciences
SRS	State Revenue Service
TAE	Tax Administration Effectiveness
TOP	Tax Organisational Process
TOR	Tax Organisational Resources
UN	United Nations
VAT	Value Added Tax

CHAPTER ONE:

INTRODUCTION AND BACKGROUND OF THE STUDY

1.1 Introduction and Background

Taxes play a pivotal role in any given economy (Salanié, 2011). Taxation is a major source of government revenue and tax proceeds are often used by the government to render their traditional functions. Taxes can thus be utilised to realise development of the country and ensure the formalisation of businesses. As such, the fundamental role of the tax administration is to render quality taxpayer services and to encourage voluntary compliance with tax laws, and also to detect and penalise non-compliance (Savić, Dragojlović, Vujošević, Arsić & Martić, 2015).

The main mechanism through which a government's activities are financed is through tax revenues, facilitated by effective tax administration so that a government can achieve its key objectives and/or goals (Araki & Claus, 2014). Such objectives and/or goals constitute the core mandates of any given economy, which are to ensure that every citizen has access to proper shelter, adequate and proper food (Salanié, 2011). In addition, tax revenue ensures that people are protected through the provision of a national security system, access to health facilities as well as education. It also ensures the availability of proper road network systems, and the provision of employment to citizens (Bird, 2016). For these reasons, the development of tax-related laws regulations, policies rules and their effective enforcement is paramount for achieving effective tax administration. The main aim of effective tax administration is to ensure and promote the timely payment of taxes by citizens and the timely collection of taxes by the relevant government authorities (Youde & Lim, 2019).

The collected funds from taxes are used by the State to ensure that there is economic and financial stability through the allocation of the collected revenue to various areas of the State that need public funding and support (Naicker & Rajaram, 2019). Such allocation is done through national budgeting. The Ministry of Finance, Inland Revenue Department (IRD) and Customs Department of the Republic of Namibia, carry out tax control measures and are responsible for tax collection from taxpayers. The two organisations also set timelines to ensure timeliness in tax payment as well as the collection of the correct amount of tax from the taxpayers, as mandated by section 3-(1) of Namibian Income Tax Act 24 of 1981, as amended (Smith, 2013).

The Namibia Revenue Agency Act 12 of 2017 was also enacted to establish the Namibia Revenue Agency (NamRA) in terms of section 2 of the said Act. NamRA's mandate was to take over some of the tax administration functions of the current IRD. However, NamRA has not yet fully commenced its operations, although it has been recently launched on 07 April 2021 (Kathindi, 2021). NamRA's key functions and roles are to assess and collect taxes and duties, receive and record all state revenue, levy penalties and interest on overdue accounts, as set out in terms of section 3 of the Namibian Income Tax Act 24 of 1981.

There are reported organisational process challenges that the current IRD tax administration is faced with, such as a cumbersome tax return process, and unaccountability for registered businesses and individual taxpayers. There is also no recovery plan on how outstanding returns and taxes will be recovered (Auditor-General of Namibia, 2013; Auditor-General of Namibia, 2016; Price Waterhouse

Coopers, 2017). The challenges also include the fact that assessments of tax returns are not done within the prescribed period of eight months as per taxpayer charter; lack of training, pitiable IRD structure, slow recruitment process, and lack of human resources (Auditor-General of Namibia, 2013). The Auditor-General of Namibia (2016) highlights that there is a poor governance, lack of transparency, shortage of staff for IRD, lack of capable human resources within the IRD structure, lack of equipment for border controls, and cumbersome levy systems.

These challenges continue to hamper the State revenue collection process, and therefore deprive the national budget system. The national budget is anchored on the funds collected from the taxpayers, consequently this calls for a smooth flow in the collection of taxes so that there is effective tax structure and tax administration in any given economy (Vegh, Lederman & Federico, 2017). In this case, the Namibian government continues to call for the improvement in the functions of the tax administration, such as organisational processes, which may include taxpayer registration, return verification and assessment, tax collection, fraud Section 96, improved resources and well-maintained skills development (Auditor-General of Namibia, 2016). Effective tax administration has become an area of great interest to researchers (Ayodeji, 2016) as it ensures that the economy is revived (Slemrod, 2015).

It is imperative to know that for effective tax administration to be realised in any given economy, there is need to understand its various tax administration components, such as its processes, resources and human capital aspect (Bird, 2016). Tax falls within the financial legal dimension and this calls for a consistent administration process to execute the functions set out under the Namibian Income Tax Act, 24 of 1981

(Government of Namibia, 1981) as well as resources and employee skills enhancement. According to Gokalp, Lee and Peng (2017), there is a need to create a voluntary tax compliance and payment culture by way of improving the tax administration part through its processes, resources and skills development.

The Namibian economic and social life is entirely dependent on the legal control and regulation of the taxes, as set out in terms of section 5A (3) (b) of the Namibian Income Tax Act 24 of 1981. Tax, as the economic management tool, calls for an effective use of financial mechanism instruments Information Technology (IT) systems, tax return process, border control, business registration (among others), resources, processes and human capital development (Deloitte & Touche, 2013). With reference to the Namibian Tax administration as per Namibian Income Tax Act 24 of 1981 and Value Added Tax Act 10 of 2000, tax control is the responsibility of the Ministry of Finance. The ministry is responsible for fulfilment of the outstanding taxes, applying the forced collection of the tax liability by the taxpayers and delivery of the tax services to the taxpayers, together with other authorised bodies within the boundaries of the Namibian legislation (Fuest & Riedel, 2009).

In Namibia, the Ministry of Finance is mandated by the constitution, State Finance Act 31 of 1991 amended as by the Public Service Act 13 of 1995, The Namibian Income Tax Act 1981 as well as article 125 of The State Revenue Fund, to provide for the regulation of the receipt, custody and banking of, the accounting for, and the control and disposal of state moneys including tax revenues. The Constitution of Namibia and the financial laws bestow upon the Ministry of Finance to carry out the following mandate: (i) to be responsible for managing the State Revenue Fund, (ii) oversee government assets and liabilities and (iii) oversee public financial institutions and the financial sector (Schlettwein, 2019).

Tax agents and officers are the ones that have the authority to carry out tax control in a bid to ensure that compliance is ensured and guaranteed and it is within the norms of tax and other legislations as per the Namibian Income Tax Act 24 of 1981 (Gysler, 2019). The process of controlling, managing and governing taxes is referred to as tax administration, and it encompasses legislative and enforcement abilities (Vegh, Lederman & Frederico, 2017). The enforcement abilities take into consideration factors such as the human skills, processes followed, as well as the various resources used in order to administer the taxes in accordance with the government's expectations, as set out in both the Namibian Income Tax Act 24 of 1981 and Namibia Revenue Agency Act 12 of 2017.

However, efforts to effectively administer tax have been curtailed by sloppy law enforcement and high levels of corruption within African tax institutions, as well as the deficiency of tax administration relevant skills by the human resources (Shikongo, Kakujaha-Matundu & Kaulihowa, 2019). One way to find out whether a tax administration achieves its goals related to maximising State revenue, financial development of the country, and economic stability improvement is by assessing its effectiveness (Mawejje & Munyambonera, 2016). Namibia is one of the developing countries that continues to improve its tax system in order to enhance the effectiveness of tax administration and revenue collection, even if it has revenue spill out, thereby calling for the government to end up reverting to public borrowing (Price Waterhouse Coopers, 2017). This is evidenced by the fact that between 1993 and

2015, government debt to Gross Domestic Product (GDP) averaged 20.8%, reaching the highest ever of 34% in the last quarter of 2015 (Bank of Namibia, 2015).

Ineffective tax administration approaches and systemic deficiencies, such as lack of reliable processes, lack of staffing, lack of tax awareness issues, lack of reliable technology to administer taxes etc., have been regarded as the general perceptions that tax administrators do not remit tax collections, and these are greatly affecting tax revenue generation (Ganyam, Ivungu & Anongo, 2019). The study of Shikongo, Kakujaha-Matundu and Kaulihowa (2019) has attributed these anomalies to lack of efficient information technology and competent tax administrators. Literature has also cited organisational processes, organisational resources, and employee skills development as some of the major determinants of tax administration effectiveness.

Organisational processes are highlighted in literature as one of the major determinants of tax administration effectiveness. There are various benefits that are associated with having organisational processes within the functions of a tax administration business (Kira, 2017). These benefits include flexibility, improvement of interrelationships between people, clear understanding of individual roles in each process, optimisation of the use of resources, and quick identification of weaknesses, bottlenecks, and errors. The processes are historically known for their ability to provide a powerful and effective lens, which leads to an intense understanding of the operations of an organisation as well as their management (Naicker & Rajaram, 2019). In this study, the relationship between organisational processes and effective tax administration at the IRD in Namibia, is investigated.

Organisational resources play a critical role in determining the effectiveness of the organisation's operations. The resource-based view (RBV) is based on the principle that the source of competitive advantage for an organisation lies in the organisation's internal resources rather than its positioning in the external environment (Jelenc, 2009). According to the RBV, the major sources and drivers of the competitive advantage and superior performance of an organisation are largely associated with the attributes of its resources. For a tax administration, resources such as human capital, equipment, and technologies, are crucial for ensuring that all strategies designed to ensure efficient administration and collection of revenue are implemented (Kloeden & Fossat, 2012). This study therefore examined the relationship between organisational resources and effective tax administration in the IRD of Namibia.

Employee skills development is also regarded as a major determinant of tax administration effectiveness. The studies of Afroz (2018); Ganyam *et al*. (2019); Githinji (2014); Huluka (2018); Shikongo, Kakujaha-Matundu & Kaulihowa (2019); and many others have investigated the effect of training on employees' productivity and/ or performance and organisational productivity in private and public sector organisations. A study conducted by Asencio and Mujkic (2016) on the perspective of public sector administration found that by improving the employees' skills, the employees' productivity in terms of provision of services to the citizens can be increased. The study also revealed that untrained employees spent six times more time to perform the same task in contrast to the trained employees. The study suggested that the trained employees of public sector organisations, such as tax administration, perform their tasks more efficiently in time, which reduces the need to hire more employees. A study conducted by Ely and Calabrese (2017) revealed that by increasing employees' training by 10%, the effect of productivity is 5.9% and 4.9% in public sector organisations and in private organisations respectively. This study therefore sought to establish whether skills development, organisational resources and organisational processes are necessary for effective tax administration in the IRD of Namibia.

This background has impelled the researcher to embark on the study in a bid to identify the determinants of an effective tax administration. In the Namibian context, there is a need to improve the tax administration process, adequate organisational resources as well as enhance the human resources skills to improve the effectiveness of tax administration in the IRD. Therefore, from the background review, the researcher has drawn the following variables: employee skills, organisational processes and organisational resources. The study will analyse the impact of employee skills, organisational resources and organisational processes on tax administration effectiveness in the IRD of Namibia.

1.2 Problem Statement

The main problem faced with the IRD Namibian tax administration is that there is lack of equity, simplicity and efficiency. These problems include lack of transparency, unmotivated employees, poor governance, lack of skilled workforce and nonexistence of physical resources (Shikongo, Kakujaha-Matundu & Kaulihowa, 2019). Furthermore, the government is unwilling to lower tax liabilities and there is failure to provide a wide range of tax concessions (Bank of Namibia, 2015). Despite the Namibian Government's effort to enhance tax administration, the tax administration system in the country remains weak due to shortage of staff (Shihepo, 2019). Akitoby

(2018) in his paper "Raising Revenue" sanctioned by the International Monetary Fund, underlines that a typical developing economy collects revenue (taxes) equivalent to 15 percent of GDP, compared to 40 percent collected by a typical developed economy. This is a far cry from the benchmark of 40 percent of GDP suggested for developing and emerging economies (Chowdhury & Islam, 2010) and lower than the 25% adopted by Namibia (Zaaruka, Ndove & Tjipe, 2004).

The implementation of an effective tax administration system results in the upliftment of the economy as this emanates from the financial stability (Mawejje & Munyambonera, 2016). Tax administration that is effective allows the government to collect maximum revenue that can be allocated to the various wings of the state that needs funding for their normal operations (Gysler, 2019). The state can have adequate budgets to pursue its national agenda for that particular fiscal year while having support through putting in place impermeable processes; advancing the human resources skills; as well as proving the necessary resources. Effective tax administration means that all taxes are collected within the financial year and there is no outstanding amount that will result in the government borrowing from outside sources in order to fund its activities (Gysler, 2019). This is necessitated by the provision of relevant resources, development of human resources as well as enhancing the tax administration processes.

Effective tax administration positively influences the economy and it promotes financial stability, which in turn enhances the quality of life of the citizens (Shihepo, 2019). Ineffectiveness of the tax administration system poses a burden in various areas of the public and the life of the state at large (Steyn, 2018). This is real, mainly in the case of the public health system as a poor tax administration leads to its poor funding, which will lead to the deterioration of the national health stature. There has been some concern that the possible tax evasion in Namibia could cost the treasury N$1,67 billion (Erastus & Amukeshe, 2020).

There is a need for improving the tax administration process; providing the relevant resources; as well as enhancing the human resources skills, so that Namibia can be able to achieve and meet its national role without the need to look for public fund borrowing options (Shihepo, 2019). There is also a need to put across measures for collecting taxes and other obligatory payments, so that they become useful in the national budget. Moreover, it should be done to enhance the various conditions in order to enable and promote a voluntary fulfilment of the tax liability by the taxpayers (Gysler, 2019).

1.3 Research Objectives

The main objective of the study is to analyse the determinants of effective tax administration within the Inland Revenue Department of Namibia. Specific objectives include the following:

- To examine the cause of failure of organisational processes which in turn affect tax administration effectiveness in Namibian IRD;
- To assess the impact of organisational resources on tax administration effectiveness in the Namibian IRD; and
- To investigate the relationship between employee skills development and tax administration effectiveness in the Namibian IRD.

1.4 Research Hypotheses

This study seeks to enrich the body of knowledge on tax administration in Namibia by advancing and analysing a model of equity, simplicity and efficiency, which postulates tax administration processes, resources and employee skills development as determinants of tax administration effectiveness in the Namibian IRD.

This study seeks to advance and test the following hypotheses:

H_0: Proposed determinants have no effect on tax administration effectiveness.

H_1: There is a positive relationship between tax administration processes and tax administration effectiveness in the Namibian IRD.

H_2: There is a positive link between organisational resources and tax administration effectiveness in the Namibian IRD.

H_3: Employee skills development is likely to positively influence tax administration effectiveness in the Namibian IRD.

1.5 Theoretical Framework

Two fundamental theories, Goal Setting Theory (GST) and the Governance Theory, were used to explain the relationships between the variables of the framework in this study. The essence of using theoretical underpinnings in explaining relationships among the variables is to give a true guide, appropriate logical inference, solid philosophical base and proper understanding of the study and potential contribution the study intends to make to the already existing body of knowledge (Gysler, 2019). The two theories are stated and described as follows:

1.5.1 Goal Setting Theory

The GST was propounded by Locke and Latham in the 1960s and the theory was advanced for a period of more than 30 years (Shihepo, 2019). The theory was derived from the ideology of setting goals from an ultimate causality perspective. The main factor is that purpose has the ability to cause work, and this is a motive behind understanding the various factors that influence human activity (Chauke, Sebola & Mathebul, 2017). The various objectives are inclusive of acceptance and total adherence to the set goals, and to have expertise of the characteristics of the goals, the hardships to be faced when trying to achieve the objectives, as well as the general reactions (Rahman, 2016).

Locke (2012) undertook a study with reference to the effects of the goal setting in a working environment. According Locke (2012), it was found that there was a direct and close relationship between goal-setting and the employee performance. The most effective performance seems to result when goals are specific and challenging; when they are used to evaluate performance and linked to feedback on results, and create commitment and acceptance (Locke, 2012). The GST theory is entirely based on goal-setting and performance tasks. Moreover, the success of goalsetting is characterised by aspects such as clarity, challenge, commitment, feedback, as well as task complexity (Shihepo, 2019).

This is an important theoretical framework of the Namibian tax administration, as it emphasises the need for setting goals towards work performance, human resources development, recruitment processes and tax return processes. It also emphasises training and accountability for registering businesses, taxpayers and individual taxpayers of the IRD under the Ministry of Finance (Shikongo, Kakujaha-Matundu & Kaulihowa, 2019).

The GST is engraved in the employee motivation concept and this was used in this study where an examination of the relevance of the administration efficiency in tax administration was required for IRD (Rahman, 2016). The study considered the various motivational goals that were implemented as an incentive to motivate the tax administrators to undertake their roles diligently, while being patriotic so that the taxpayers comply with the tax payment. Therefore, the study established a link on skills development as part of the employee motivation strategy and the effective tax administration.

The GST was applied by Klapwijk and Van De Walt (2012) and the outcome was that there was a direct and positive relationship between those that would have met the motivation and set goals and came up with additional goals based on feedback (Shihepo, 2019). The GST has an important concept, namely, autonomy, that permits tax collectors to act independently, making them free from any form of external influences that might hinder their working activities. This is a much acceptable theory regarding the IRD of the Namibian situation, where motivation of the current employees is lacking.

Autonomy, as a factor of GST, results in a high degree of efficiency within any given working environment (Chauke, Sebola & Mathebul, 2017). It is imperative to know that workplace autonomy boosts self-efficacy, which further results in individual performance improvement and leads to the achievement of the organisation's set goals (Rahman, 2016).

1.5.2 Governance Theory

According to Stoker (2007), the emergence of governance theory from the early 1990s onwards has been one of the core developments in public administration. The governance theory starts by recognising that public administration stretches beyond multiple government institutions to those drawn from the community, voluntary and private sectors. Rakner and Gloppen (2003) view governance as the decision-making process and the process through which decisions are implemented. For tax administration to achieve efficiency and effectiveness, or to implement the decisions appropriately, good governance plays a vital role.

Stoker (2007), states that tax administration is considered as a formal government structure by which decisions are arrived at, and implemented. Therefore, in the absence of good governance mechanisms, tax administration decision-making may lead to corrupt practices. There are eight major characteristics of good governance: consensus-oriented, participatory, transparency, accountability, equitable and inclusive, responsible, effective and efficient and follow the rule of law (Aguilera & Cuervo-Cazurra, 2015). Good governance is an ideal, which is hard to accomplish in its totality and very few tax administrations in the world have come close to achieving good governance in its totality (Ikeanyibe, Ori & Okoye, 2017)

In accordance with the governance theory, accountability and transparency are likely to have a more significant impact on tax administration efficiency (Sebele-Mpofu, 2020). The more accountable and transparent the tax administration is, the higher the compliance rate by the taxpayers, which will eventually translate into higher tax revenue generation by the tax authorities. The main aim of corporate governance is to enhance accountable disclosure and transparency, the monitoring role and performance of the board of directors. This ensures the independence of auditors and guarantees the autonomy of non-executive directors (Cockfield, 2018). Mahmood, Kouser, Ali, Ahmad, and Salman (2018) emphasise that corporate governance usually has a regulating role in enhancing better disclosures. Therefore, the governance theory is a concept that refers to the organisation and balance of powers of various actors involved in the organisation's activities, most especially accountability and transparency.

In the Namibian case, it is prudent to argue that the challenges with tax administration are possibly multifaceted. The main challenges of the tax administration in the IRD include the ineffectiveness of governance, lack of accountability, and ineffectiveness in tax registration and collection. As stated by Kostiainen (2018), widespread corruption is also one of the challenges for the IRD of Namibia. Ineffective tax administration also poses a major challenge. Hence, the governance theory framework was deemed suitable for Namibia, as in accordance with the views of Beunen, Van Assche and Duineveld (2016), that governance theory is concerned with, or pushes for responsible application of taxes by ensuring the agency is transparent in regards to tax laws and how many taxes are collected. It also pushes for accountability, calling for prudent application of taxes.

Overall, the governance theory opines that when a tax system is equitable it is possible to encourage more citizens to contribute taxes, thus making it possible to widen the tax bracket (Ade, Rossouw, & Gwatidzo, 2018). At the same time, if the tax agency is accountable and transparent, it encourages consistent contribution. Generally, these factors describe or capture the backbone or the fundamental principles of tax administration.

The theoretical framework has raised a number of issues which can simply be summarised in the following points:

1) ***Employee motivation***: Employees are motived through reward and recognition; development of employees; good leadership and better work environment, among others. This is also in view that tax revenues in Namibia cannot be fully administered depending on the planned goal targets, without good work which is influenced by individual performance (Kostiainen, 2018).
2) ***Governance theory***: The international best practices cite effective tax administration to be governed by different sets of rules which form the 'tax administration governance framework' (Vegh & Gribnau, 2018). This framework includes rules which vest the powers of administration in the tax authority, in Namibia the IRD of the Ministry of Finance determines the rights and obligations of taxpayers and defines the checks and balances (Kostiainen, 2018). Simultaneously, this means that the functioning of the Ministry of Finance should greatly be influenced by its environment, including social, economic and technological developments (Vegh & Gribnau, 2018).

3) ***Accountability and responsiveness***: The need to raise taxes creates incentives for governments to be responsive and accountable to citizens in order to encourage compliance, while spurring taxpayers to make greater demands on governments (Prichard, 2015). The two aspects are particularly critical. Improved tax administration is only developmentally beneficial if it is accompanied by state building, responsiveness and accountability, and translated into public goods and services (Prichard, 2015).
4) ***Transparency***: Transparency improves main aspects in the tax administration systems, such as building confidence in integrity and effectiveness of revenue administration; ability to assess performance of the Ministry of Finance, IRD and individual personnel against objectively set criteria detection and rectification of unexpected leakages in revenue; and ensuring reliability of revenue data needed to identify and evaluate potential legislative and administrative initiatives in taxation (United Nations, 2016).
5) ***Physical infrastructure and resources***: Tax administrations receive vast amounts of data on a regular basis, either through direct taxpayer reporting or through third-party reporting. As a result, many tax administrations require suitable physical building offices, IT infrastructure, and human resources expertise in collecting, modelling and analysing statistical data (Organisation for Economic Co-operation and Development [OECD], 2019).

In implementing the various new responsibilities, some tax administrations in developed countries such as Malaysia, United States, Sweden, among others, have undertaken rapid development of new digital services and tools. This provides an opportunity for administrations to review how they approach digital development in general, and whether different and more agile methods could be applied more widely than may have previously been the case (OECD, 2019). In Namibia, it would be sensible to reflect the lessons of these tax administrations for future development, in particular their robustness in supporting the IRD tax administration.

1.6 Significance of the Study

A study on how a government, through its tax administration agencies, can manage to improve its revenue, is important in developing or ensuring the sustenance of an economy. In this regard, the current study is significant as it has provided key information on how the IRD of the Ministry of Finance in Namibia can manage to improve their tax administration. The major areas of focus highlighted in this study include the enhancement of organisational processes, provision of adequate resources, and renewed focus on employee skills development.

Notably, Namibia's government has been in the process of constituting a new revenue collection body, NamRA, as per Namibia Revenue Agency Act 12 of 2017. The current study therefore provides a timely view of the problems that plagued or affected the effectiveness and efficiency of the previous authority, IRD. If NamRA is to succeed, it must inevitably look back and determine the major loopholes in Namibia's revenue collection framework, such as inefficiency of staff, lack of skilled human resources, unmotivated workforce and lack of modern IT infrastructure in tax collection. The current study is one of the vital resources in this regard.

The findings of this study are envisaged to strengthen revenue collection authorities' capabilities that will subsequently boost the much-needed revenue that drives national economic development. The utmost goal of the study is to demonstrate how tax agencies in Namibia can manage to ensure high compliance by taxpayers, and become efficient in the sense that administrative costs are low, relative to revenue collected. From a scholarly standpoint, this study supplements the tax administration literature on Namibia's tax administration system. The study also helps inform areas of future research, all designed at finding the best way of ensuring Namibia's organic growth.

1.7 Limitations of the Study

The basis of the current study is data collected from the employees of the tax administration agencies in the Republic of Namibia. Although adequate focus and effort have been directed towards having a large sample, there were concerns of full data representation in the collective views of Namibian IRD. In such a case, the study has offered an incontestable view of how the agency can revamp its revenue collection strategies and improve its efficiency, to optimise the country's tax revenue. This was managed by using the relevant sampling technique to ensure that the participants are representative of the study population. The researcher has made adequate plans to ensure there is sufficient time allocation to complete the study.

1.8 Chapter Outline

The following is an outline of how chapters are arranged together with a brief outline of some of the main aspects expected in the respective chapters:

Chapter One: This chapter of the study dwells much on the orientation of the study. The introduction contextualises the topic by describing the research problem and the main purpose of the study, and study objectives are clarified. It presents a brief overview of the research report, laying the foundation for the whole study.

Chapter Two: This chapter presents a review of the literature related to the study. It also highlights the conceptual as well as theoretical frameworks of the study.

Chapter Three: This chapter discusses the procedures which have been followed during the course of the study. It is the blueprint of the research methodology.

Chapter Four: This chapter of the study focuses on data presentation, interpretation and analysis. Data collected is categorised, presented, interpreted and analysed into different thematic sections. It discusses the results and findings that emerged from the questionnaire in relation to existing literature. Results are presented in the form of tables, figures and quotations in order to answer the research questions underpinning the study.

Chapter Five: This final chapter of the study dwells on the project report conclusion. A summary and recommendations for future research, practice and theories have been proposed.

CHAPTER TWO:

LITERATURE REVIEW

2.1 Introduction

Numerous views have been advanced by different scholars with regards to tax administration. This chapter is entirely based on the effective tax administration of the Inland Revenue Department (IRD) of the Ministry of Finance, in the Republic of Namibia, which is then compared to tax administration globally. Such a comparison assists in identifying the areas which the Republic of Namibia can focus on in its efforts to enhance the operations of the tax administration system. The chapter continues by unfolding the views of scholars on the determinants of the effective tax administration relating to Namibia. Generally, the influence of aspects such as organisational processes, organisational resources as well as the skills development on the effectiveness of tax administration are explored.

2.2 Overview of tax administration

The ability to raise tax revenue is crucial for the functioning of any state. The role of tax administration is to collect taxes according to the specifications of the law. Until the 1990s, strong enforcement was generally regarded as the key to successful revenue administration. However, in the current context, it is considered that an effective and efficient tax administration is one that will ensure compliance through a balance of reliable services and education, as well as targeted audit and enforcement activities.

Awitta (2010) described a modernised tax administration as one that is characterised by a function-based structure, with strong headquarters, fully automated business processes, risk-based compliance programmes, and skilled and professional staff acting with transparency, integrity, and fairness. Such a tax administration will maximise the collection of revenue in terms of the law, at the lowest acceptable cost to the government (administrative cost) and taxpayer (compliance cost). Additionally, it will be adequately resourced, effectively managed, and independent from political processes (Crandall & Bodin, 2005).

This overall tax administration objective is applicable to all countries. However, the majority of economies require significant effort to achieve such an effective and efficient tax administration. Basri, Felix, Hanna, and Olken (2020) note that the majority of developing and emerging economies are still characterised by low tax revenue collection. While high-income countries typically collect around 40% of their GDP in tax revenue, low-income countries collect only between 10 and 20% (Basri et al., 2020). Many tax administrations in developing countries continue to be staffed by poorly trained and low paid officials; have structures which do not encourage an integrated approach to different taxes; and are marked by imbalanced service and enforcement functions (Chikozho, 2018).

Several countries have embarked on programmes of tax administration reform, beginning in the 1980s for several developed countries and 1990s for others. Administrative reforms are increasingly stressed as key elements of tax reforms. This is reflected in the establishment of semi-autonomous revenue authorities in a number of countries. According to Shome (2004), tax reforms, together with investment, are regarded as the foundations for a stronger and more productive economy.

Although the United Kingdom (UK) has one of the most advanced tax administration systems in the world, the country continues to implement tax administration reforms. The UK has recently highlighted its intention to create a tax system fit for the challenges and opportunities of the 21st century, as indicated in its March 2020 budget (Norman, 2021). This was followed by the publishing of a 10-year Tax Administration Strategy for tax administration in the country to improve its resilience, effectiveness, and support for tax payers. The main objective of the strategy is to ensure a fully digital tax system that is able to support the needs of taxpayers and create potentially significant opportunities to increase production and innovation (Norman, 2021).

In case of Namibia, the Ministry of Finance has also developed an electronic filing and query platform known as the Integrated Tax Administration System (ITAS). The main objective of such a move was to provide faster and efficient service delivery to taxpayers, which in turn will improve tax administration in Namibia (Steyn, 2018).

Tax administration reforms in Kenya came in the form of the Tax Modernisation Programme in 1986, with the main objective of improving tax administration and reducing compliance and collection costs (Moyi & Ronge, 2006). Despite such tax modernisation, there are concerns that the challenges currently confronting the Kenya Revenue Authority (KRA) are not much different from those that were faced before the reform (Mackenzie, 2021). Tax evasion remains high and the tax code is still complex and cumbersome. Moreover, it is characterised by uneven and unfair taxes, a narrow tax base with very high tax rates and rates dispersions with respect to trade and low compliance (Mackenzie, 2021). There are also concerns that Kenya's tax competitiveness is low, and the country remains among the most tax unfriendly countries in the world.

South Africa is regarded one of the countries with the best performing taxation system in comparison with other African and middle-income countries (Chikozho, 2018). One of the lessons learnt from tax administration reforms in South Africa is that there should be a strong political will to reform, and implementation should be based on credible data and evidence (Chikozho, 2018). Furthermore, the South African case shows that the success of tax reform is highly dependent on managing the policy and administrative infrastructure required for effective implementation (Ribu, 2017). The country has been able to craft the necessary policies and institutional structures, leading to the establishment of the South Africa Revenue Authority (SARS) as a semi-autonomous tax administration body which is sufficiently capacitated to make lasting changes to the whole tax regime.

Since its creation in 1977, SARS has had remarkable success in improving and modernising tax administration and enhancing enforcement (Katz, 2015). In case of Namibia, NamRA has been established in terms of the Namibia Revenue Agency Act 12 of 2017 to take over tax administration functions of the country.

In comparison with the UK, Kenya, and South Africa, Namibia is far behind in terms of tax administration reforms. Namibia has just recently started its tax administration reform process through the establishment of the NamRA in terms of the Namibia Revenue Agency Act 12 of 2017. NamRA's mandate was to take over some of the tax administration functions of the current IRD (Khathindi, 2021). However, NamRA has not yet fully commenced its operations, although it has been recently launched on 07 April 2021 (Kathindi, 2021). Thus, despite the Namibian Government's effort to enhance tax administration, the tax administration system in the country still experiences challenges due to a number of factors that include poor governance, lack of transparency, lack of capable human resources, and cumbersome levy systems (Shihepo, 2019).

2.3 Tax administration and economic growth

Appah (2014) posits that the development of any nation depends on the amount of revenue that the nation generates for the provision of infrastructural facilities for the common good of the population, and taxation is one of the major sources of revenue. Tax proceeds are used by governments to provide their traditional functions such as providing public goods, maintaining law and order, and regulating trade and business to ensure social and economic justice. Some studies have found a positive relationship between taxes and economic growth while others have found the relationship to be negative.

A study conducted by Kalaš, Mirović, and Milenković **(**2018) for Serbia and Croatia found income tax, value added tax, and social security contributions to have a positive impact on the GDP of the countries. In Nigeria, Ogbonna and Appah (2012) used descriptive statistics and econometric analysis to examine the impact of tax reforms on the economic growth of the country. The findings of the study indicated a positive and significant relationship between tax reforms and economic growth. According to Ogbonna and Appah (2012), effective tax administration enhances the government's revenue generating capacity and this enables it to effectively undertake socially desirable expenditures that will transform the growth of the economy. In support of these findings, a study by Ebeke and Ehrhart (2010) in Sub-Saharan countries revealed that fluctuations in tax revenue in any nation can result in fluctuations in economic growth and the provision of infrastructure to citizens.

One of the studies that found a negative relationship between taxation and economic growth was conducted by Acosta-Ormaechea and Yoo (2012) using datasets covering a broad cross-section of 69 countries with different income levels. The results indicated that an increase in income taxes reduced consumption and property taxes were associated with slower growth in the long run. In addition, personal income taxes were found to have a stronger negative relationship with economic growth than income taxes. A study on the relationship between tax revenue and economic growth in China (Yi and Sunyono, 2014) found that in general, the maximisation of tax revenue was incompatible with the maximisation of GDP. In Namibia, Nkalamo and Shaafeni (2017) found that taxation had immediate negative effects on economic growth and these effects seemed to be permanent in nature.

The study at issue assumed that effective tax administration that is based on equality as well as a broad revenue base makes significant contributions to economic growth. Economic growth will in turn enhance the living standards of citizens through the creation of more jobs and improvement of infrastructure, as well as the delivery of social services such as healthcare and education.

According Suri, Boozer, Ranis, and Stewart (2011) income growth evidently strikes one as the main contributor to directly increasing the capabilities of individuals and consequently the human development of a nation, since it encapsulates the economy's command over resources. Suri, et al (2011), further stated that poorer households spend a higher proportion of their income on goods which directly promote better health and education. Therefore, economic growth's benefits are directed more towards the poor, and it will have a greater impact on human development, via increased food expenditure as well as on education (Suri, et al , 2011).

2.4 Tax Administration in Namibia

Tax administration is a process whereby the governments collect taxes from the taxpayers, while controlling the timeliness as well as ensuring that the correct amount of taxes is collected (Bradbury, 2018). Another definition is that of Konvisarova, Samsonova and Vorozhbit (2015), namely that tax administration is a tool that defines success or failure of a whole budget, tax and economic policy of each state. As such, this study also emphasises that the capacity of the tax administration needs to be continuously augmented to keep pace with the changing requirements of tax policy. One of the key challenges in this respect is to measure the effectiveness of the tax administration (Alagappan, 2018, Hamutumwa, 2019; Kumar, Nagar & Samanta, 2007).

In order to fully realise the national tax potential, tax bodies such as that of the IRD and NamRA, must both control the compliance with tax legislation and effectively execute administrative functions. This includes the internal organisation of tax bodies such as the ones that execute tax control (Carmen, 2018). In this context, it cannot be denied that an optimum national tax administration is a tool that favours the improvement of the tax administration (Slemrod, 2015).

2.4.1 Tax Administration Objectives

One of the objectives of tax administration is to help the voluntary tax compliances to become easier for the taxpayers (Shagari, 2014). Tax administration is meant to ensure that non-compliance is identified and penalised since this would encourage voluntary compliances (Jackson, 2020). However, the effectiveness of the tax administration is not only to determine the voluntary compliances, but also to detect non-compliance in Namibia.

Additionally, the IRD bears the responsibility of advising taxpayers about their tax rights and improving the knowledge on the tax administration (Tabaro, 2018). They also have a significant role of developing the tax policies and legislations that could strengthen compliance (TerBogt & Scapens, 2019). The Customs and Excise Directorate are responsible for protecting the society against any unethical practices in the country from outside countries (Hearn & Piesse, 2020).

The core functions of a tax administration include, inter alia:

- Registration of taxpayers, including detection of non-registration and false registration;
- Processing of tax returns, withholdings and third-party information;
- Verification or examination of the correctness and completeness of received information including audit activities;
- Process of enforced debt collection;
- Handling of administrative appeals and complaints;
- Provision of service and assistance to taxpayers; and

- Detection and prosecution of tax fraud.

  (Alink & Van Kommer, 2011; Moosa, 2018):

The core functions of a tax administration, as listed above, are discussed in detail in the subsections that follow.

2.4.2 Registration of Taxpayers

The Namibian Income Tax Act No. 24 of 1981 (p. 29) provides for the definition of a taxpayer, as "any person chargeable with any tax leviable under this Act and, for the purposes of any provision relating to any return, includes every person required by this act to furnish such return, and for the purposes of Part IV of Chapter III (p. 6) includes any person chargeable with any tax leviable under any previous income tax law". Taxpayers' registration is one of the first important components of the effective tax administration in IRD. Taxpayers' registration implies the registration of the various categories of taxpayers that include natural human beings, entities that are legal, and legal entities' business units into the national tax database for accountability and follow-up purposes (Okauru, 2012). Taxpayer registration also extends to the removal of any taxpayer's information from the national IRD tax database (Murdoch, 2013).

According to Erastus and Amukeshe (2020), Namibia has been experiencing a decline in the registration of new taxpaying companies since 2018. As a result, the country has recorded a decline of 7 109 in the registration of eligible taxpayers, including close corporation and private limited companies. Shidhudhu (2021) states that registration of taxpayers is conducted in three ways: through walk-ins, online registrations, or through Business and Intellectual Property Authority (BIPA) sending taxpayers information for registration. Shidhudhu (2021) further notes that the disconnection between BIPA and the IRD of the Ministry of Finance is keeping some change from Namibia's tax coffers. According to the Economist (2012), there is a major challenge experienced with Value-Added Tax (VAT) registrations as well. VAT registration has a cumbersome process to be completed, such as a health certificate, now a fire brigade certificate, making it convoluted and impossible to register.

The studies done by Tabaro (2018) and Alink and Van Kommer (2011, p. 87) stated that the core business of a Tax and Customs Administration usually consists of one or more of the following activities:

- Assessing, collecting and auditing government-imposed taxes, as well as preventing fraud;
- Surveillance by customs of goods imported and exported (in order to assess, collect and monitor the various duties linked with import and export, and also to protect the quality of society, that is, the quality of food, health, cultural inheritance, protection against falsity;
- Assessing and collecting social security contributions; and
- Other assessment and collection activities on behalf of other governmental agencies.

2.4.3 Processing of Tax Returns

The processing of the tax return requires that tax forms be completed by a registered taxpayer manually or on ITAS. ITAS registration in this regard is made mandatory. The following returns are stipulated by NITA Act 29 of 1981 (p. 6):

- Personal tax returns (Section 56);

- Returns by employers as to employees, their earnings, and other matters (Section 59);
- Company tax returns (Section 60);
- Returns of payments in respect of bearer warrants (Section 61); and
- Returns as to shareholders (Section 62)

As per NITA No. 29 of 1981, Chapter III General Provisions, Part II Assessments, Examination of return and assessment as per section 67 (1) (p. 106) a return of income and computation of a taxpayer's liability for tax furnished in accordance with section 56 shall be subject to examination by the minister. Tax administration penalties in Namibia, in case of breach of the tax administration laws are applied accordingly with reference to the NITA No. 29 of 1981, Section 96 (p. 130).

According to Erastus and Amukeshe, (2020) over the years, the ministry has been accused of being slack in tax collection and the paying out of tax refunds, and has in the process crushed the hopes of many entities that would have grown should refunds have been paid on time. Erastus and Amukeshe, (2020) further state that this presents a great danger for the country, because, as the tax base stagnates or grows at a snail's pace, there would be less reliance on taxes and collection, leading to more debts, which could in turn lead to more taxes imposed in the future.

2.4.4 Verification of the Correctness and Completeness

The IRD has an in-house audit service to carry out necessary audits relating to tax administration for verification of the correctness and completeness of tax figures and related processes. The tax administration authorities, such as the IRD of the Ministry of Finance in Namibia, have the responsibility of carrying out the tax audit as part of their key roles (Nkhalamo & Sheefeni, 2017). This is undertaken through the examination and analysis of the tax reports obtained from the respective taxpayers as well as the various information obtained from authorised tax administration agents. The taxpayers have complained of inefficiency within the IRD of the Ministry of Finance, especially regarding tax assessments (Auditor-General of Namibia, 2016; Erastus & Amukeshe, 2020).

2.4.5 Process of Enforced Debt Collection

The process of enforced debt collection includes, among others, the controlling of the tax liability, calculation, withholding as well as transferring pension taxes and to calculate and ensure social charges payment (Lewis, 2019). NITA No. 29 of 1981 Section 83A (p. 121) has mandated the Minister of Finance the recovery of outstanding tax, penalty or interest by debt collector. The minister may make arrangements with any person to recover outstanding tax, penalty or interest on behalf of the minister on such terms and conditions as agreed upon between the minister and such person.

The Customs Division within the IRD of the Ministry of Finance, on the other hand, controls tax through applying Customs and Excise Act 20 of 1998 (p. 1), that provides for the levying, imposition, payment and collection of customs and excise duties, of a surcharge and of a fuel levy; to prohibit and control the import, export or manufacture of certain goods; and to provide for matters incidental thereto. The customs also apply measures with reference to taxes due and payable, which comes through the movement of goods across borders.

2.4.6 Handling of Administrative Appeals and Complaints

The current Namibian Income Tax Act No. 29 of 1981, as amended, under Part III, Section 71 (p. 6), made provision that any taxpayer who is aggrieved by any assessment in which he or she has any interest, may lodge objections. NITA No. 29 of 1981 Section 73 (p. 108) also provides for lodging an appeal to special court against minister's decisions. According to NITA No. 29 of 1981 Section 73A, any appeal referred to in section 73(1) (p. 108) shall in the first instance be heard by the tax tribunal established by subsection.

The current NITA No. 29 of 1981, as amended, under Part III (p. 148), lacks effective and efficient provisions for handling of administrative appeals and complaints. For instance, the NITA does not provide a mandatory timeline for providing a decision on objections (Nyanga, Robidoux, & Molefe 2016). The Namibian tax system has legal, procedural, and practical loopholes that make it difficult and costly, if not impossible, for a taxpayer to be heard and to be guaranteed procedural suitability during the dispute resolution process (Nyanga, Robidoux, & Molefe, 2016).

According to Hamutumwa (2018), the Namibian tax dispute resolution system does not have permanent courts and lacks a sufficient number of knowledgeable lawyers and personnel. Also,it has become a common feature of the system that taxpayers are not properly heard during disputes, and also not in good time. This problem is further exacerbated by the absence of established and accessible guidelines that relate to the tax dispute resolution process and the common and administrative legal rights that apply to a fair hearing (Hamutumwa, 2018).

This is unlike South Africa that has a Tax Ombudsman Office, which ensures that the South African Revenue Service (SARS) handles tax disputes properly and effectively (Ombudsman Office of South Africa, 2008). The Promotion of Administrative Justice Act (PAJA) exists in South Africa to handle its tax administrative appeals and complaints.

In Namibia, it is believed that the newly enacted Namibian Revenue Act No. 12 of 2017 will bring about improvement on administrative appeals and complaints, greater institutional efficiency and domestic resource mobilisation, given operational constraints within its in-house models.

2.4.7 Provision of Service and Assistance to Taxpayers

The current NITA, as amended, under Part III (p. 148), lacks effective and efficient provisions for handling of administrative appeals and complaints, according to Hamutumwa (2019). Furthermore, according to Shidhudhu (2021), provision of service and assistance to taxpayers remain a challenge. It has been noted that when tax structure modifications are implemented, such as tax system changes, law amendments related to taxes, taxpayer awareness or training is not executed well in order to achieve effective tax administration (Shidhudhu, 2021).

The Namibian tax dispute resolution system has also been a concern for many decades (Hamutumwa, 2018). According to Deloitte (2020a) the interpretation of tax legislation in particular, is complex. Namibia cannot afford a complete halt of the economy, nor an increase of the unemployment rate (Deloitte & Touche, 2020a). Thus, it is believed that the newly enacted Namibian Revenue Act No. 12 of 2017 will bring about improvement on provision of service and assistance to taxpayers within its in-house models.

According to PwC (2020) Namibia has set financial incentive programmes on taxation for foreign tax credit, manufacturing (including building allowance, employee cost allowances, export expenditure allowance, export allowance, transport allowance, preferential tax rate) and Export Processing Zones (EPZs), etc.

2.4.8 Detection and Prosecution of Tax Fraud

Section 96 of the NITA No. 29 of 1981 (p. 130), provides some sketchy provisions on detection and prosecution of tax fraud. The section gives four acts that are committed with the intention to evade assessment or taxation as constituting an offence, namely, (a) makes or causes or allows to be made any false statement or entry in any return rendered without reasonable grounds for believing the same to be true; or (b) gives any false answer, whether verbally or in writing, to any request for information made under this act by the minister or any person duly authorised by him or any officer or employee referred to in section 3; or (c) prepares or maintains or authorises the preparation or maintenance of any false books of accounts or other records or falsifies or authorises the falsification of any books of account or other records; or (d) makes use of any fraud, art or contrivance whatsoever, or authorises the use of any such fraud, art or contrivance.

The person found guilty will be liable to a fine not exceeding two thousand rand or to imprisonment for a period not exceeding two years, or to both such fines and imprisonment. As such, the Financial Intelligence Act (FIA), 13 of 2012 (p. 1), came into effect in 2012 and its aim is to introduce measures to protect the Namibian economy against financial crime, such as money laundering and terrorist financing activities (World Bank, 2012).

A number of criminal cases have been reported regarding tax evasion and avoidance. According to Menges (2017), a Namibian woman and 11 Angolans were found guilty on a multitude of fraud charges in connection with a VAT refunds scam which cost the Government of the Republic of Namibia more than N$30 million. Tax revenues are used for public services and the operation of the government, as well as for the social security and health programmes. When government is unable to collect tax revenues due to tax avoidance and tax evasion, or losing huge amounts of tax revenues through fraudulent activities by taxpayers, surely public services such as schools' operations, healthcare services, infrastructure will be underfunded. The majority of these cases go undetected. This calls for the development and implementation of effective and efficient mechanisms for detecting and prosecuting fraud.

2.5 Tax Administration Elsewhere

According to Alm and Duncan (2014), the efficiency of tax collection and tax administration is high in many of the OECD countries and low in non-OECD nations. This is because of variations in the tax administration and tax policies designed to monitor the revenue authorities and increase tax revenue collection (OECD, 2011). In developed countries, tax administrations are characterised by well-designed organisational structures, efficient allocation of budget funds to meet priorities, efficient utilisation of ICTs and e-government initiatives to reduce costs, as well as well-designed remuneration policies (OECD, 2011). Developing countries face formidable challenges when they attempt to establish efficient tax systems, due to small, informal enterprises, informal structure of the economy, financial limitations, lack of a well-educated and well-trained staff, etc. (Kayaga & Lahey, 2007).

Several factors have been identified as the causes of tax administration inefficiency in developing countries. Ogbonna (2009) argues that some of the factors that cause tax administration ineffectiveness in a country's tax system are lack of trained officials, lack of autonomy, poor record-keeping, lack of accountability and transparency, corruption and poor service quality. These factors refer to issues related to the IRD in that some aspects, such as lack of accountability and lack of trained officials were pointed out during different audit reports (Auditor-General of Namibia, 2013; Auditor-General of Namibia, 2016).

Tax management competence and sound implementation of tax policies are the principal determinants of effective tax administration (Rahman, 2009, as cited in Aziz & Al-Harethi, 2018). An effective tax administration system can maintain and resolve the revenue-related issues very effectively and can also delclare the taxpayer's rights accurately (Dabla-Norris, Misch, Cleary, & Khwaja, 2017). The performance of the tax administration plays a very crucial role in categorising the sufficiency of the revenue system. Like in any other country, the tax administrators have a significant role to play in Namibia's tax administration, one main role being the analysis of the cost effectiveness of the tax collection (Alm & Duncan, 2014). The review of tax administration would help the Government of the Republic of Namibia to analyse the effectiveness of the tax system.

Aziz and Al-Harethi (2018) articulate that an ineffective tax administration cannot guarantee adequate resource mobilisation to provide quality services to the taxpayers. According to OECD (2011), the inadequacy results from two areas. Firstly, the tax revenue agency is unable to encourage tax compliance or get as many people and organisations within the tax bracket. Secondly, the organisation or the agency is inefficient, applying a lot of resources to collect very little taxes. This is manifested through high operational costs and very low revenue collections (OECD, 2011).

The OECD (2011) states that effective tax administration in any country would enhance tax compliance, reduce operational and compliance costs, and above all, increase revenue generation. In addition, it further opines that internal structure and design of tax administration would also determine the efficiency of the process together with resource allocation, motivation and autonomy of the tax authority.

The effectiveness of the tax administration is important in any country, for promoting an effective tax system (Nkhalamo & Sheefeni, 2017; Shikongo et al., 2019). If any tax administration is not efficient and fails to determine the factors that limit its efficiency, it can no longer support the development agenda of any country (Animasaun, 2016). Also, if the tax administration of a country is not effective, it sends a signal that the government of that country will not have sufficient revenue from its tax collection. Subsequently, tax evasion and tax avoidance will prevail (Ogbonna, 2009).

2.6 The Determinants of Effective Tax Administration

The main determinants of effective tax administration are the organisational processes, employee skills development as well organisational resources, which form the basis of the model of this study. The objectives of the study are meant to address these three elements which are the inputs in the research framework, as depicted in Figure 1.1, outlined in chapter one. Shagari (2014) argues that autonomy of tax administration, motivation, transparency, trained personnel and Information Communication Technology (ICT) are strong determinants of tax administration efficiency.

Furthermore, it is imperative to know that from the study that was undertaken in Libya on the efficiency of the tax system leadership style - motivation, ICT, autonomy and training were identified as the determinants of tax administration efficiency (Muaen, 2016). Therefore, strong tax administration is characterised by the efficiency of processes, leading to the effectiveness of tax administration by coordinating all the resources under its disposal to earn a meaningful and fruitful outcome (Muaen, 2016; Shagari, 2014; Shikongo et al., 2019).

The inefficiency in tax administration is manifested by dismal tax collection despite the existence of many bases for tax collection. The manifestation of these shortcomings is extensively seen in the inability of the government to reach its tax revenue targets. Consequently, it stutters in its development agenda (Akitoby, 2018; Alink & Van Kommer, 2011; Castro & Camarillo, 2014; Gauthier & Goyette, 2014). Although tax administration can be cited as an independent problem, in most cases it is not. Law enforcement is part and parcel of effective tax administration (Alink & Van Kommer, 2011). Subsequently, as one examines the challenges of tax administration, it is crucial to identify a loophole in law enforcement. It is often the case that a country has lax rules that do not discourage tax fraud or evasion. Another possibility is that the law enforcement agencies are ineffective or inadequately empowered.

2.6.1 Improved Organisational Processes

An organisational process, according to Mtasiwa (2013) implies the interlinkage of activities as well as the various tasks that are pertinent in achieving the intended outcomes. Kira (2017) believes that an organisational process encompasses the various tasks that establish the goals of a business at organisational level, which then results in the development of a process, product as well as the assets which, if used accordingly, can be helpful in achieving the set business goals.

It can further be noted that processes refer to the gathering of various tasks and activities that are interrelated which, if bunched together, can lead to the transformation of inputs into outputs (Castro & Camarillo, 2014; Dom, 2019). The process is shown in Figure 2.1. below.

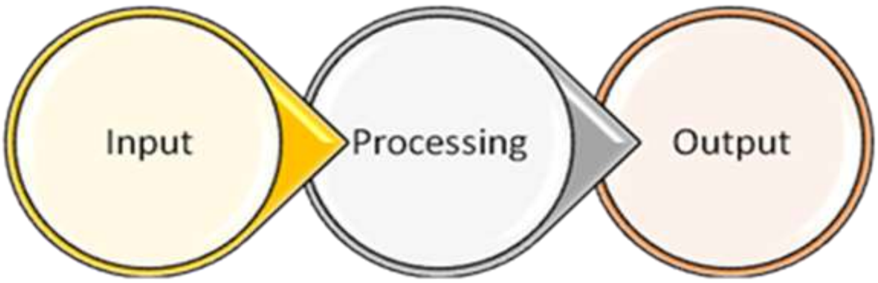

Figure 2.1: Organisational process

Source: Onyango (2020).

Figure 2.1 shows the organisational process elements which are inputs, processing and outputs. The inputs and outputs come in different variations, depending on the system and what the organisation intends to achieve and these might include materials, people, and information (Kira, 2017). The examples for organisational processes include, but are not limited to product development, customer services, tax administration and many more (Mukuwa & Phiri, 2019). The success of any given organisational process is hinged on adequate resource allocation as well as a sound decision-making (Mansor, 2018). Kira (2017) categorised organisational processes into functional (production and distribution) and administrative (organising, communicating, controlling, delegating, and decision-making).

There are various benefits that are associated with having organisational processes within the functions of a tax administration business (Kira, 2017). These benefits are, amongst others, flexibility, improvement of interrelationships between people, clear understanding of individual roles in each process, optimisation of the use of resources, and quick identification of weaknesses, bottlenecks, and errors. The processes are historically known for their ability to provide a powerful and effective lens which leads to an intense understanding of the operations of an organisation such as IRD and NamRA, as well as their management (Naicker & Rajaram, 2019).

2.6.1.1 Provision of New Managerial Insights

The process perspective is mainly based on interlinking activities, further showing that those unrelated tasks form part and parcel of a single or an unfolding sequence (Alm & Liu, 2017). This approach makes the managerial work of any tax administration, such as IRD or NamRA, to be more rational and orderly than before (Naicker & Rajaram, 2019). In the case of tax administration in IRD, the process approach provides a framework on processes, the various impacts posed by the process elements as well as the implications to the managers (Animasaun, 2016). This starts by a review of the processes and grouping them into known categories from an organisation perspective (Nkhalamo & Sheefeni, 2017). Moreover, this automatically leads to the derivation of the interconnected sets of processes by having a simple model of an organisation (Ade & Rossouw, 2018). The managerial processes and the organisational processes are bunched together in a bid to figure out their commonalities, which are then used to find out their implications on managers (Akitoby, 2018).

2.6.1.2 Autonomy

As a crucial aspect in organisational processes, autonomy plays a pivotal role towards the enhancement of operational effectiveness within an organisation (Alm & Liu, 2017). Autonomy in its actual sense refers to the withdrawal or a shift of the various activities from an organisational perspective (Arnold, Ault & Cooper, 2019). This further refers to the power possessed by the organisation for the sake of ensuring easy policy-making processes within an organisation (Alm & Liu, 2017), such as the initiative of creating NamRA as compared to the IRD, which operates within a government ministry.

Investigations were undertaken in a bid to figure out the relationship that exists amongst organisational performance, organisational administration and autonomy. The study undertaken by Weske and Schott (2018), on the impact of autonomy on organisational administration revealed that autonomy is a tool that assists in the effective management of inter-organisational relationships (Clarke & Kopczuk, 2017).

2.6.1.3 Leadership

As a factor of an organisational process, leadership plays a major role in ensuring organisational effectiveness (Animasaun, 2016). By definition, leadership implies the process by which the manager is involved in directing, offering guidance as well as influencing the performance and the various behaviours of the subordinates in a bid to attain the set objectives and the goals of an organisation (Madamombe, 2018).

Leaders are very important as they are the drivers in the development of the organisational vision, which is followed by motivating the members of the organisation to attain the set vision (Olaoye & Kehinde, 2017). There are basically three common leadership styles, namely, autocratic, democratic and participative (Tabaro, 2018). Various organisations apply different leadership styles depending on the nature of the organisation, working environment, the personnel, and other factors (Animasaun, 2016).

2.6.1.4 Tax Administration Processes

Alm and Liu (2017) contend that it is necessary to establish stricter rules to manage evasion and corruption in the taxation system. However, this study has focused specifically on Namibia. For managing corruption in the system, proper policies need to exist (Clarke & Kopczuk, 2017). Policies include rules and regulations that guide in revenue collection functions (Gituma, 2017).

Currently, the corrupt practices in IRD involve tax officers, taxpayers, importers and customs clearing agents (Gauthier & Goyette, 2014; Jauch, Edwards & Cupido, 2009). Therefore, it might take numerous shapes in which persons act together to support evasion, where tax officers misuse their power for monetary gain from taxpayers (Kira, 2017). According to Kira (2017), in most cases, corrupt practices by tax collectors include: charging for services that should be free; charging for help to overcome complicated procedures and to qualify for exemptions or duty-free treatment; turning a blind eye to non-registration for taxation; smuggling and fraud.

Mtasiwa (2013) states that the most prevalent form of fraud in customs involves the declaration of false values, supported by fraudulent invoices. Other unbecoming practices are overstating values, over-assessing tax to instigate corrupt deals with importers and taxpayers, aiding taxpayers and importers in understating income and value of goods, losing files, facilitating or organising the smuggling of goods, and receiving payments to complete tax returns for taxpayers or customs entries for importers (Mtasiwa, 2013).

Namibia Revenue Agency Act 12 of 2017 (p. 3), highlights the legislative reforms that affect the tax administration of Namibia. These include tough penalties and prosecution of violators. Higher fines act as a preventive measure and help to increase tax compliance (Gituma, 2017). To achieve this goal, administrations have to reinforce the rule of law and develop capabilities of enquiring authorities (Onyango, 2020). Tax crime reports identified that criminalising tax evasion is an effective way of encouraging tax compliance (Castro & Camarillo, 2014: OCED, 2011). In such a case, the provisions of the criminal law define the actions that are designated as tax crimes as well as the time of penalties that such contraventions should carry.

According to Auditor-General of Namibia (2016), some companies did not file tax returns, or filed zero returns while rendering services to various ministries. This could result in possible tax evasion by the companies and clearly shows flaws in the tax administration process of filing returns. It was also noted that no clear tax assessments or verifications were done as some tax assessments were done without proof of records available.

2.6.2 Employee Skills Development

Gituma (2017) states that staff training incorporates a collection or an array of approaches designed to establish learning, development and teaching opportunities in order to advance individual, team and managerial performance. It is a progress that arises from a clear dream about people's capacities and potential and operates within a corporate framework (Mogoiu, 2017). According to Gituma (2017), skills development is not a random event but, a purposeful approach that is designed to maximise on the abilities of every employee.

At times, the training approach cannot be developed on a basis of one size fits all. It has to be curated to fit the needs of each employee (Arnold, Ault & Cooper, 2019). For instance, field officers, or auditors will need a different skill set. Such unique needs must be responded to while developing a skill development programme (Mogoiu, 2017). Notably, deviations in staff activities do not occur spontaneously or overnight, so a series of targeted interferences, such as workshops, preparation sessions, peer appraisals, joint forecasting and implementation, as well as staff events or functions should be done regularly (Gituma, 2017). The operational landscape is continuously changing and this demands a requisite change in the organisational approaches to revenue collection (Muaen, 2016).

As taxpayers become more sophisticated and employ novel methods to evade taxes, the agencies must respond by retraining or reskilling their staff (Gituma, 2017). The preparation is usually driven by the government's future commercial strategy and the corresponding staff necessities (Ban, Faerman & Riccucci, 2012). Dabla-Norris et al. (2019) also note that reluctance to deal with unskilled and unethical tax administration personnel is a big challenge.

According to Bird (2016), developing states also face personnel challenges, either through an inadequate workforce or poorly trained tax collectors. Eminently, it becomes difficult to come up with the right policies and also oversee full and effective implementation of these policies, which are critical in effective tax collection and administration (Arnold, Ault & Cooper, 2019).

Links (2010) argues that in Namibia, it is clear that the issue of skills is an urgent strategic concern across various sectors. The same study by Links (2010) found that 96% of the respondents across various sectors agreed that Namibia was experiencing a skills scarcity. Links (2010) further found that 70% of the respondents indicated that critical vacancies requiring specialist skills and/or expertise existed in their organisation/company/industry. The Auditor-General of Namibia (2013, 2016) also highlights lack of skills development as a major concern to carry out tax administration functions within the IRD.

2.6.2.1 Employee Training

As part of the employee skills development initiative, training of employees plays a major role in ensuring the normal operations of any organisation such as IRD and NamRA (Ade & Rossouw, 2018). An investment in IRD employees training enhances teamwork, decision-making as well as the extra-personal contact, thereby leading to an improvement in the performance and productivity of the employees. Consequently, organisational performance is improved. (Bird, 2018). Training of IRD employees also leads to the improvement in personal results at work as well as the commitment among employees. It is imperative that the methods used in training employees must be aligned to the purpose as well as the nature of the roles and employee levels (Cockfield, 2018). Each training session must be evaluated accordingly, in order to establish the areas that need improvements for the sake of rectifying the future training activities (Arnold, Ault & Cooper, 2019).

In a study that was undertaken by Mansor (2018) in public sector administration, it was noted that an effort to improve employee skills greatly resulted in the improvement of the employee's productivity levels with reference to service provision to the general public. The results from the study further revealed that those that did not attend training sessions tended to spend six times more than those that were trained in doing the same task. The study also outlined that public sector employees who were working under tax administration could efficiently perform their tasks, thereby reducing the need for the organisation to hire more new employees (Steyn, 2018).

Employee training and skills development have far greater roles than matching employee's skills and knowledge with work demands (Végh, 2018). Truitt (2011) explains that, although staff training is driven by the need to improve employee performance, employees are more concerned about their own productivity and are increasingly aware of the fast pace in which knowledge and skills become obsolete in the modern, and fast-paced world.

According to the Auditor-General of Namibia (2016), not all customs officers in the regions have received the technical training on the use of operational software. Furthermore, no basic training is provided to new recruits before they are posted to their respective points of duties. Delayed approval of amended training policies in IRD is also reported.

2.6.2.2 Employee Motivation

Employee motivation is a factor of employee skills development and it is defined as a psychologically oriented process that results in the arousal, direction, provision as well as a persistence of a behaviour (Rahi, 2017). At organisational level, motivation is an important aspect since it is well known for its ability to enhance the employees' morale and the performance of individuals, teams and the organisation. A motivated workforce tends to have better performance as compared to an unmotivated one within an organisation (Shihepo, 2019).

Different strategies cause employees to be motivated and these vary from one person to the other, one organisation to the other and many more (Arnold, Ault & Cooper, 2019). Sources of motivation for individuals and teams range from cash, appreciation, general rewards, encouragement, work life balance, and respect (Erastus & Amukeshe, 2020).

In a separate study by Jere and Shehu (2016) in Namibia, an investigation was undertaken to examine the relationship between employee motivation and performance. It can be concluded that employee motivation enhances the organisational efficiency and task effectiveness since motivation has a positive impact on the performance of employees (Deloitte & Touche, 2020b). A motivated workforce tends to have high competence levels and it is important in enhancing service delivery, thereby improving the productivity levels within the organisation (Fleurbaey & Maniquet, 2018).

2.6.3 Organisational Resources

Kihumba (2013) defines organisational resources as the assets in possession of an organisation that are used for production purposes. The resources of the organisation are brought together and used for the sake of transforming them into finished products which can be undertaken through a production process (Kira, 2017). Organisational resources are broadly categorised as human, financial, physical, and informational (Naicker & Rajaram, 2019). These are the organisation's inputs that have to undergo processing in order to have the final product or service that can be offered to the clients or customers.

Figure 2.2 illustrates the linkage of organisational resources.

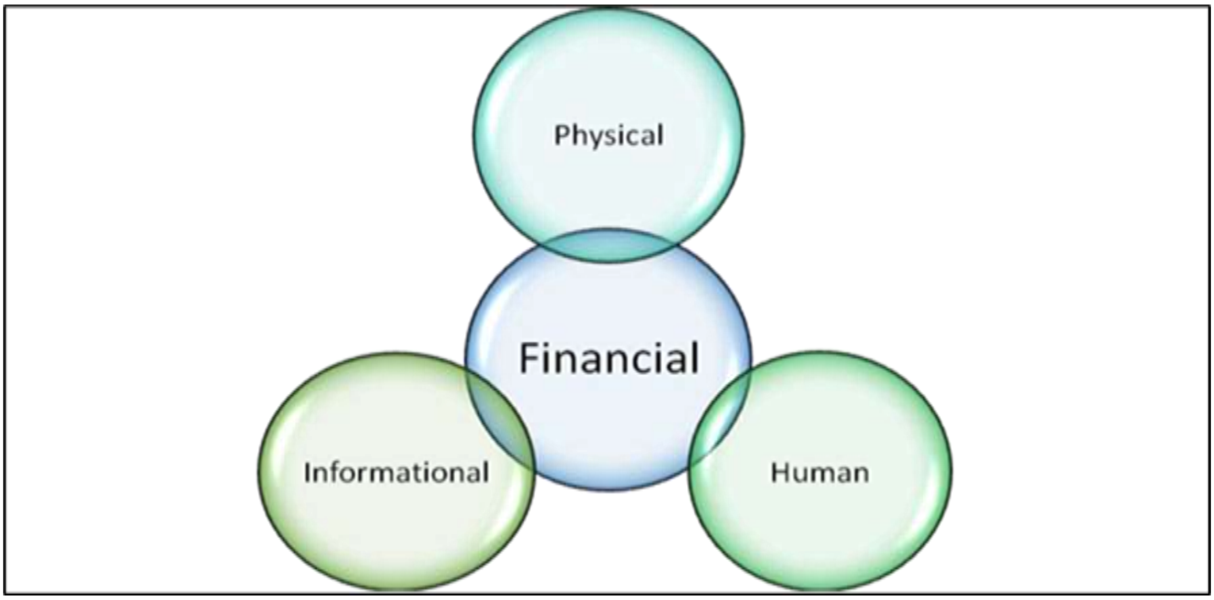

Figure 2.2: Organisational resources

Source: Bird (2018).

As shown in Figure 2.2, an organisation needs physical, human, informational, and financial resources. The resources in the outside circles, that is, physical, human, and informational resources, are all depended on the availability of financial resources. The implication for the organisation, therefore, is that adequate budget allocations should be made to ensure that there are enough physical, human, and informational resources.

Inadequate resources constrain the ability of the administrator to improve its operations in order to enhance performance (Cockfield, 2018). The presence of rundown infrastructure, skill deficiency, and obsolete information technology (IT) infrastructure could be a major reason behind institutional underperformance in multiple critical areas of revenue collection (Usman & Murtala, 2019). Intangible resources include brand name, reputation of the organisation, knowledge, skills, experiences of employees, as well as organisational procedures (Jugdev & Mathur, 2012).
According to Mansor (2018), the improvement in the performance of tax administrators tends to depend on the presence of organisational resources and direct efforts. It is evident that proper resources can contribute to effective performance management in tax administration (Kira, 2017).

Today, there is a high adoption of IT in tax administration, in line with technological shift where every organisation seeks to leverage on the efficiency delivered by ICT (Cenamor, Sjödin & Parida, 2017). However, not all organisations are able to fully leverage on technology and even when they invest in up-to-date infrastructure, they do not have the capacity to optimise such resources (Gysler, 2019). In Namibia, according to the Auditor-General of Namibia (2016), the IRD does not have all the necessary equipment at all the ports of entry and regional offices to carry out tax administration functions as required.

2.6.3.1 Information Communication Technology

Information Communication Technology (ICT), according to Usman and Murtala (2019), refers to all technological forms that are used for processing, storing and transmitting electronic information through the use of physical devices.

Physical devices include computers, networks, equipment used for communication, electronic calculators, scanners as well as fax machines. In the case of tax administration, ICT is an aid to improving effectiveness in that it lowers the human related errors and also reduces the processing time, thereby giving an assurance on available data for the tax administrators (Ade & Rossouw, 2018). This results in an increase in voluntary compliance, thereby reducing tax evasion, which further leads to a better decision-making process (Gysler, 2019). ICT also helps in ensuring reliable record maintenance, timeous processing as well as convenience in accessing the information in need (Alm & Liu, 2017).

According to Gituma (2017), ICT adoption and usage result in the enhancement of employee productivity. This is quite evident in the banking industry of South Africa in which ICT improves both the return on assets and on investments (Madamombe, 2018). ICT also leads to an increase in revenue, productivity, the general compliance, and economic development (Naicker & Rajaram, 2019). It can further be noted that there is a direct relationship between ICT usage and the efficiency in tax administration (Aziz & Al-Harethi, 2018).

With specific reference to public institutions, the use of ICT results in innovation, enhancement of productivity and performance, as well as efficient practices (Olaoye & Kehinde, 2017). It can further be alluded that the ICT incorporation in government organisations leads to an improvement in the administration process, the delivery of services, confidence as well as the trust from the customers and clients, and it promotes transparency (Bird, 2018). In Namibia, the Auditor-General of Namibia (2016) reports on various issues with equipment shortages. Taxpayers with outstanding taxes are rarely notified, which has resulted in large amounts of uncollected taxes.

2.6.3.2 Tools and Equipment

Tax is essential to the existence of modern societies (Association of Chartered Certified Accountants [ACCA], 2018). For centuries, tax administrations have looked to the latest technological developments to assist in the task of fairly, or at least effectively, collecting taxes from the population at large, and the current shift to digitalisation of much of the economy is no different in the opportunities it presents directly to tax collectors (Gaspar, Jaramillo & Wingender, 2016).

Some online submission of taxpayer returns is well established around the world. Tax administrations are more, or less advanced in different jurisdictions. However, most OECD countries, as well as Namibia and South Africa, among others, now have at least the capacity, if not the outright requirement, such as Integrated Tax Administration System (ITAS), for some returns to be filed online (ACCA, 2018). Corporation taxes are a common candidate for online filing, while for many individual taxpayers the adoption of technological methods for other everyday tasks makes their availability for tax filings a viable option (ACCA, 2018).

2.7 Causes of Tax Administration Ineffectiveness

Inefficiency in tax or revenue collection is also linked to the conduct and behaviour of staff members. Animasaun (2016) shows that dishonesty of tax administration staff negatively affects tax administration efficiency. Micah, Ebere and Umobong (2012) offer an overall view on the behaviour and conduct of staff.

It is noted that poor tax administration occurs as a result of limitation in manpower, money, tools and machinery. Due to these challenges, most of the tax collectors are disoriented as they face untold pressure, given the ever-increasing challenges and difficulties. The negative attitude exhibited towards taxpayers by tax collectors can be traced to poor working conditions, including poor remuneration and motivation (Heryanto, Mursalim & Lannai, 2020). Again, administrative shortcomings and poor human resource approaches, like lack of incentives, are linked to the inability of governments to raise tax revenue (Mills, 2017).

2.7.1 Tax Evasion

The Namibia Chamber of Commerce and Industry [NCCI] (2017) states that the Government of Namibia must widen the tax base to include those businesses which are avoiding paying tax by under-declaring their income. The report by Erastus and Amukeshe, (2020) reveals that the Financial Intelligence Centre (FIC) detected over 90 cases of potential tax evasion, which, if quantified, represented a potential loss in state revenue of more than N$1,67 billion in just three months.

These reports refer to businesses, most of them foreign owned, that did not provide tax receipts. Additionally, some even refused electronic bank transfers, which created suspicions that such businesses may be trying to avoid declaring their true income in order to avoid paying taxes to the Government of the Republic of Namibia.

According to Shinovene (2018), a N$3.5 billion tax evasion and money laundering scheme involving imports from China, was uncovered. The businessmen involved would declare lower values for their imports, which helped them dodge import duties and taxes.

2.7.2 Poor Leadership

When leaders lack the ability to provide direction, coach and motivate staff, organisational culture and morale often suffer. Poor leadership is the root cause of high employee turnover and loss of productivity. With regard to Namibia, Haikali (2016) states that successful institutions in the country have strong leaders, and the importance of this attribute is evident in the business sector, where an organisation thrives due to the performance of its leadership.

2.7.3 Unskilled and Unmotivated Staff

It is believed that through effective training and development, IRD employees are able to align themselves for career growth and career potential. These aspects have an inherent potential to also enhance personal motivation of staff (Truitt, 2011).

2.7.4 Lack of Staff

When there is a shortage of staff the responsibilities and workloads of existing staff members increase, which leads to mistakes and other inefficiencies, and negatively affects individual performance, client care, and ultimately organisational performance (Cheema & Asrar-ul-Haq, 2017). According to Auditor-General of Namibia (2016), not all vacancies are filled fully in a single financial year for effective tax administration purposes.

2.7.5 Poor Tax Supervision

To ensure sufficient tax funds, tax authorities enforce compliance, mainly by inducing fear through audits and fines (Gangl, Torgler, Kirchler & Hofmann, 2014). The reported results indicate that supervision can backfire. Rather than increasing tax compliance, even a friendly version of deterrence reduces tax compliance (Gangl et al., 2014). Thus, supervision seems to crowd out the intrinsic motivation of tax compliance (Kirchler, Hoelzl & Wahl, 2008). It might be that such interventions are perceived as too controlling, which reduces self-determination and self-esteem, thereby decreasing intrinsic motivation.

According to Menges (2017), it was reported that over 200 charges were placed on Nuuyoma, involving false claims for VAT refunds totalling about N$210 during 2014 and 2015, which reflected poor supervision by tax administrators. The VAT refund claims were based on purchases of goods made by the Angolans in Namibia, after which they purportedly exported the goods to Angola (Menges, 2017).

2.7.6 Lack of Tools and Equipment

The IRD faces constraints, such as the high investment cost of border control machinery and equipment and a lack of shelf space for hard copy files (Auditor-General of Namibia, 2016). ICT-enabled and streamlined environment, such as ITAS for the IRD of the Ministry of Finance in the Republic of Namibia, can improve service delivery and can result in a significant reduction in the tax administrative burden (Ministry of Finance, 2019).

2.7.7 Poor Remuneration

Poor remuneration and incentives to employees instigate corruptions by employees in the national tax administration offices. The study by Ajaz and Ahmad (2010) state that corruption has an adverse effect on tax collection, while good governance contributes to better performance in tax collection.

2.8 Chapter Summary

The chapter gives insights into the tax administration and the required areas that are prerequisites for effective tax administration. The preceding chapter gives a view on the role played by the tax administration and its beneficial role played in overcoming economic hardship of the country. This chapter has helped the researcher to get an understanding of the public policies to be implemented by the government for effective tax administration in Namibia.

The primary and the secondary methods used in the study provide a view to the researcher about the data and verify its authenticity in the research. The chapter has highlighted the fact that tax compliance by the potential taxpayers helps in the economic growth of the country. It has also stated the inefficiency of the tax law enforcement body of Namibia which has an adverse effect on the economy of the country.

The chapter has helped in segregating factors that have an adverse effect on the tax administration of the country on the basis of tangible and intangible variables. The identification of the factors has helped the researcher cast light upon the struggle of the country in avoiding tax evasion instances for the country's growth.

CHAPTER THREE:

RESEARCH METHODOLOGY

3.1 Introduction

Research is not an arbitrary process. It is a well-developed study with every step and activity predetermined to ensure that the correct results are achieved. This chapter provides details of the research design, targeted population, sampling method and sampling size, research instrument and procedures that were employed in this study. Before concluding this chapter, the aspects of data analysis and research ethics are described and explained.

3.2 Research Design

Schoonenboom and Johnson (2017), explain that a research design is necessary to enable the smooth sailing of the research operations. It is also important since it makes research efficient, enabling maximal information. As a practice, it encompasses the process of collecting data and the techniques to be applied in analysing such data, retaining the objectives of the research and the availability of the participants, time and money (Creswell, 2017). Another understanding of research design is developed by Meyers, Gamst, and Guarino, (2016), who define research design as a systematic plan for data collection, analysis, interpretation and inference, which means drawing meaning from information.

The study adopted both the quantitative and qualitative research designs. These were both applied to observe and describe the research hypotheses. In terms of qualitative research design, it was applicable in situations where data could not be expressed in numbers, but represented in quality or kind (Hennink, Hutter & Bailey, 2020). On the other hand, a quantitative design was used in establishing numerical patterns and trends in the collected data. bended

3.3 Population of the Study

The population of a research encompasses all items under consideration (Wilson, 2016). In regard to the current research, the population covers all the 660 employees of the Inland Revenue Department (IRD) in the Ministry of Finance, in Namibia. The participants are individuals who are in full knowledge of the tax administration operations and are conversant with the strategies, policies and practices applied to maximise on tax revenue collection.

The employees, rather than the taxpayers, have been selected for this study because they are the ones who have detailed knowledge about the tax administration. Most importantly, for the present inquiry, these are individuals who hold varied knowledge on the inconsistencies, challenges and headwinds that have undermined the efficiency of the IRD. The IRD employs a large number of employees, some working from the headquarters in Windhoek, while the rest are spread across the country. Given the study's limitations, it would be unrealistic to get all these employees to participate in the study.

However, an objective approach had been employed to get a representative population, which provides the requisite information, capable of answering the research questions and testing the study's hypothesis. The employee register was therefore utilised. Every fourth person in the employee register was picked to respond to a survey questionnaire within the IRD. Every individual employee therefore got the equal opportunity to participate.

3.4 Sampling Method and Sample Size

The systematic sampling method was chosen for this study to identify the final research participants and primary data collection. This method applied a random sample from among a larger population and typically involved the first selected fixed starting point and then obtaining subsequent observations by using a constant interval between samples taken (Wilson, 2016). Random sampling was proven to be very effective in eliminating bias from the research data. Subsequently, the research reliability was drastically improved. Therefore, random sampling is more suitable to perform research on the tax administrative in Namibia.

The sample size of 120 respondents was drawn from different participants of directorates and divisions of the IRD. Given the expansiveness of the targeted population, it was necessary to define a way to draw a representative sample population that meets the demands of this study. In defining such a population, the sample was done objectively. Therefore, in this study, every fourth respondent of the employees registered was picked to respond to a survey questionnaire within the IRD. Every individual participant got the equal opportunity to respond and the research was performed completely at his/her own interest.

Although the entire population works in the same ministry, there are different directorates, divisions, ranks, jobs descriptions, regions and so on. Consequently, it was not possible to treat everyone the same. Also, every level of the ministry experiences a different view of the problems plaguing the IRD. The study was interested in capturing the views of the executive, accountants, auditors, field officers, among others.

3.5 Research Instrument

To collect the appropriate data, it was necessary to define the data collection instruments. As such, both qualitative and quantitative research data were collected using survey questionnaires for the primary research data. According to Peytchev and Peytcheva (2017), a research questionnaire is a very effective research technique which is used to gather the numeric and thematic data about the facts that make the data analysis process rapid and efficient. Adequate time, that is, approximately three months, was given to respondents to adequately fill in the questionnaire and revert.

The survey questionnaire was useful in understanding patterns of knowledge and opinions among the study participants. At the same time, the in-depth answers provided in the responses to probing questions have provided additional data. Identification of the relevant information helped to understand the reliability of the instrument.

3.6 Data Collection Procedure

Self-administered survey questionnaires were distributed to participants via e-mail and were returned in approximately three (3) months. The questions related to three categories: open-ended questions, close-ended questions and demographic details. The various variables in the study had been measured using a 5-point Likert scale questionnaire. The hypotheses were tested using the f-statistic, assuming that data were normally distributed amongst employees of the Namibian Inland Revenue Department (IRD).

Survey questionnaires provided good opinions and viewpoints about the perception of a wide group of audience that improve the research outcome (Bhattacherjee, 2012). At the same time, the researcher was flexible, asking probing questions to maximise on the respondents' responses. To ensure the right questions, and again to optimise the process, a pilot study was conducted to test the survey questionnaire and to ensure the structure and the language of the questionnaire encouraged responses.

3.7 Data Analysis

Both qualitative and quantitative data were analysed using correlation and regression analysis, using Statistical Package for the Social Sciences (SPSS) software, as well as Zoho Survey tools results exported to excel for basic statistical analysis, such as mean, median, standard deviation, variance, among others.

The research data were described through the use of descriptive statistics and inferential statistics. Qualitative data were coded and were recorded to numerical figures and were interpreted into themes. The mixed analyses methods (SPSS and Zoho Survey) were used to analyse both qualitative and quantitative data so that both numerical patterns as well as in-depth insights could be derived for the research results and findings.

3.8 Research Ethics

Permission was granted by both the University of Namibia and Ministry of Finance. This was in order to avoid any kind of restrictions in the research data collection process (see annexure 1.1 and 1.2).

The key ethical issues that the study took into consideration had been focused on two main areas. The first one is the identity and due consent of the respondents. This aspect was ensured before conducting the study. Secondly, the researcher ensured that all information applied in the research was attributed to the producers. With regard to participants, the researcher ensured that all respondents were protected by anonymously treating their information. The researcher ensured the that no information would be attributed to a specific employee.

The researcher ensured that all necessary consents, from the university, the target organisation (Ministry of Finance, 2019) and individual participants have been received and all communication was done professionally and on time. Lastly, all the information applied in the current research and attributed to other sources had been duly cited, and only original content had been claimed by the researcher.

3.9 Chapter Summary

This chapter provided detailed descriptions of the research design, targeted population, sampling method and sampling size, research instrument and procedures that were used in this study. It was stated in this chapter that a mixed research method was adopted in order to collect and analyse the data of the survey questionnaire administered to the research participants.

The next chapter presents the research results and findings of the study.

CHAPTER FOUR:

RESULTS AND FINDINGS OF THE STUDY

4.1 Introduction

The primary objective of this study was to analyse the determinants of effective tax administration: Inland Revenue Department (IRD), Namibia. Based on the objectives and hypothesis designed for this study, the research employed both descriptive and inferential statistics to analyse the collected data. The data collected from the primary source are presented below, using themes, tables, graphs, and figures.

4.2 Demographic Characteristics of the Participants in this Study

The approximate number of 660 IRD employees was the target population group. Some participants did not provide complete responses as some of the questions were skipped. About 32.5% (n=39) of the participants did not provide feedback at all. Out of the sample of 120, at least 81 (67.5%) answered the survey questionnaire. The demographic characteristics that were considered in this study include participants' age group, gender, education level and educational qualifications. These were analysed and presented below.

4.2.1 Age Categories of the Participants

The total of 81 participants were primarily subdivided into seven (7) different age groups, as shown in figure 4.1. There were no respondents from the 18 years and below age group, 19- to 24-year-old age group, the 55- to 64-year-old age group, and the 65- year-old and above age group, as shown in figure 4.1.

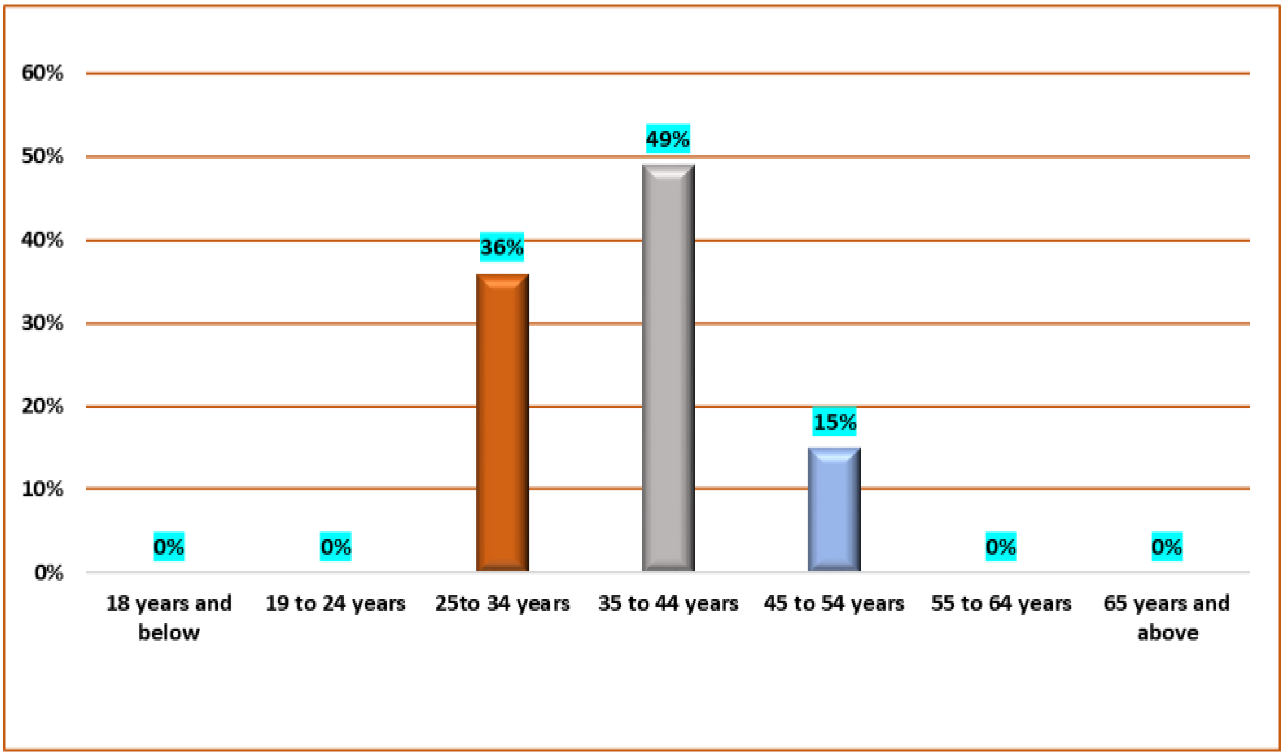

Figure 4.1: Age categories of the participants.

Source: Primary Data

Figure 4.1 shows that, among the intermediate age groups, the 35- to 44-year-old age group had the highest number of respondents to the survey questionnaire, that is 49%, with a mean of 0.48 and a standard deviation of 0.502. This was followed by the age group 25 to 34 years, with a frequency of 36%, a mean of 0.37, and a standard deviation of 0.485. The 45- to 54-year-old group had the lowest number of participants, with a frequency of 15%, a mean of 0.15 and a standard deviation of 0.356. The results therefore indicate that the respondents to the survey questionnaire were drawn from the age range 25 to 54 years, which means that views from a wide range of age groups were obtained.

4.2.2 Gender Categories of the Participants

Both males and females participated in the survey. Figure 4.2 shows that male respondents constituted 36% while female respondents constituted 64%. There was greater participation from the females, which shows that equal opportunity was given to both males and females in the IRD of Namibia. The number of female participants was more than double the number of male participants.

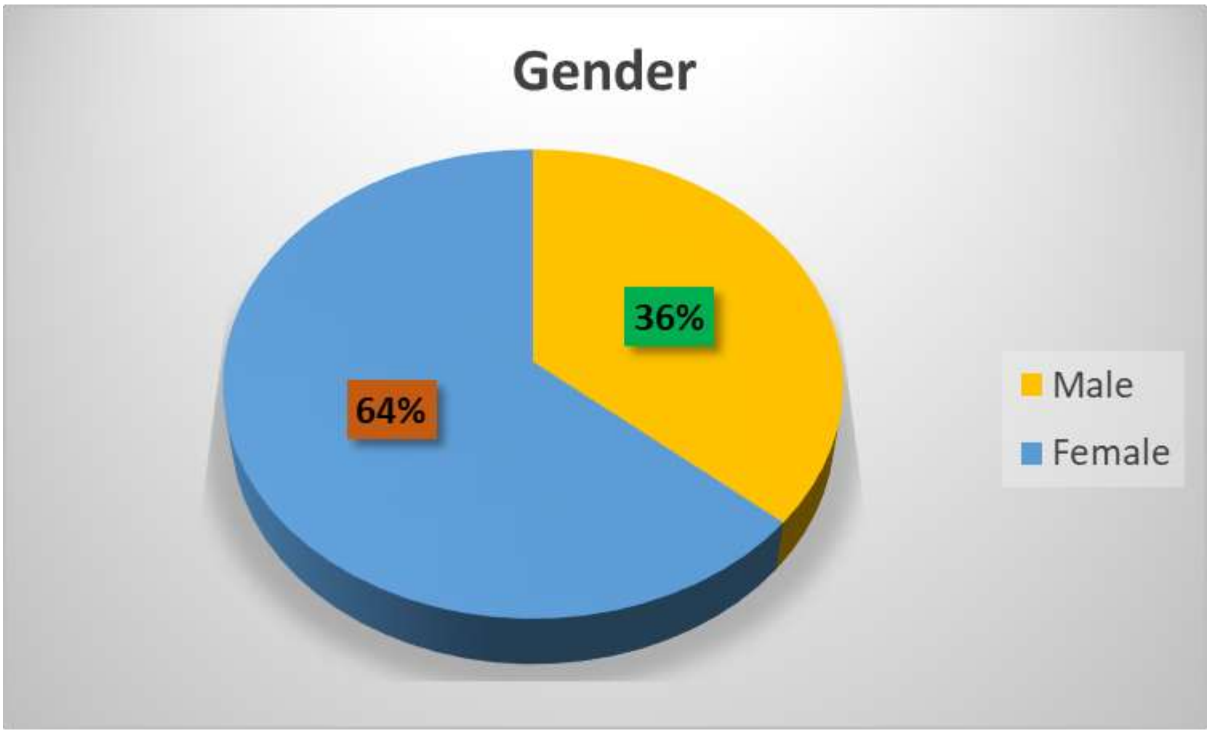

Figure 4.2: Gender categories of the participants

Source: Primary data

The minimum for the gender aspect as a whole was 1, and its maximum was 2. The mean value for this category was 1.64 and the standard deviation was 0.482. The variance for this group was 0.23. The low standard deviation signified that the spread of values from the mean was not very large. The demographic aspects are important to note in order to ascertain their influence on the convergence or divergence of findings. However, lack of response from the male participants made the research process challenging because it put significant barriers to precisely evaluate the determinants that affected the tax administration of IRD.

4.2.3 Educational Background of the Participants

Figure 4.3 shows there were no PhD or Doctorate degree holders among those who responded to the survey.

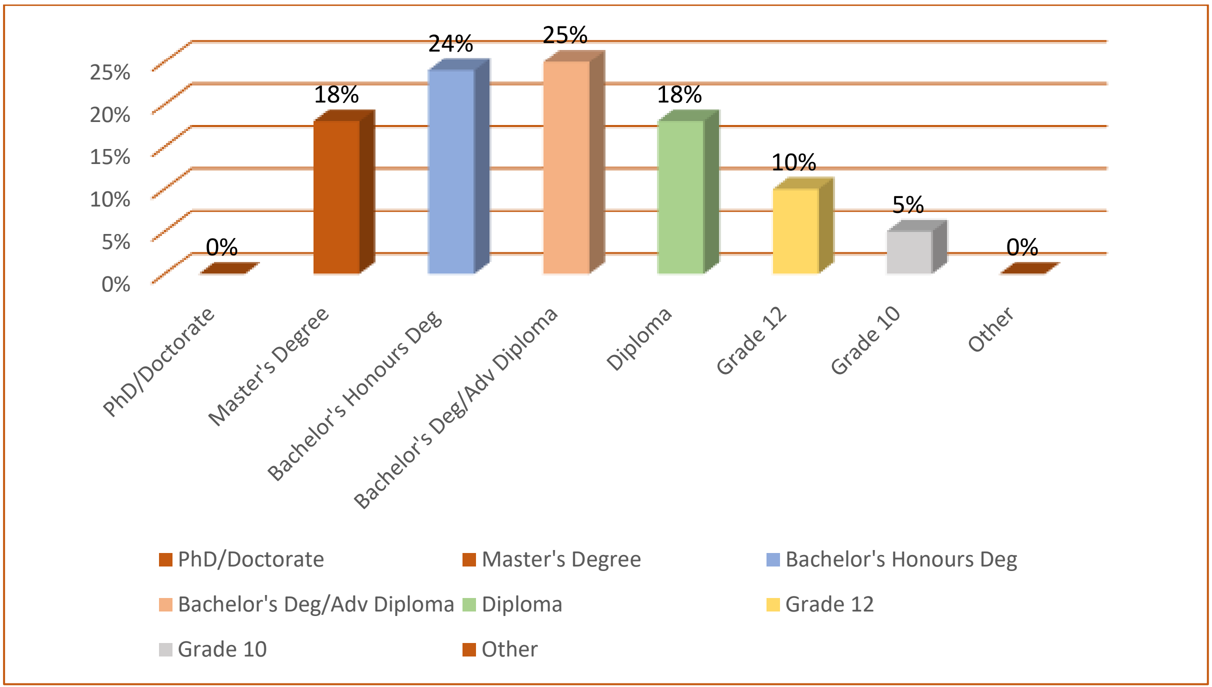

Figure 4.3: Educational Background of the Participants

Source: Primary Data

Most of the responses came from those who had the bachelor's degree or advanced diploma (25%), bachelor's honour's degree (24%), master's degree (18%) and diploma (18%). A very small number (15%) of respondents had Grade 12 and Grade 10 as their highest qualifications. It was therefore assumed that the respondents to the survey had an appropriate educational background that could enable them to understand the questions as well as issues relating to tax administration in the organisation.

4.3 Results and Findings of the Study

4.3.1 Causes of failure of organisational processes which affect tax administration effectiveness in IRD

The survey questionnaire contained the question: '***Are you aware of any organisational processes in the Namibian Inland Revenue Department?***' The results, as shown in Figure 4.4, revealed that 81% of the respondents were fully aware of the organisational processes of IRD of Namibia. On the other hand,19% were not fully aware of organisational processes of IRD of Namibia.

Figure 4.4: Organisational processes awareness in IRD

Source: Primary Data

The responses regarding organisational processes indicated that the majority of the participants were aware of organisational processes within the IRD. The frequency of

“Yes” responses was very high. For this category of responses, the minimum was 1, while the maximum was 2. The mean value for responses to this question was 1.19, while the median was 1. The variance of this range was 0.15. The variance assesses the overall divergence or inconsistency present in the set of values. The square root of variance yields the standard deviation, which comes to approximately 0.390. This standard deviation is also quite low, which signifies that the range of data is not very highly skewed. Hence, from the statistical analysis, it can be concluded that, for Namibia, it is highly necessary that tax payers and the nation should be aware of activities of the tax administration and organisational processes of the IRD.

The fact that the majority of participants were aware of the organisational processes in IRD impacts positively on the effectiveness of tax administration in the organisation. Nkhalamo and Sheefeni (2017) highlight that, in order to achieve growth in the revenue collection system, it might be ultimately necessary for the IRD management to create an awareness regarding the organisational activities of Namibia Inland Revenue.

While the majority of the individuals showed their awareness, the small proportion that indicated lack of awareness is a cause for concern since such lack of awareness impacts negatively on the effectiveness of tax administration in the organisation. It is crucial that all employees in the IRD are aware of all the organisational processes, so that errors are avoided and quality tax administration services are offered to the public, thereby enhancing the performance of the organisation.

In addition, due to the lack of awareness of the tax administration or lack of awareness of the processes or activities of the IRD, the challenges of tax administration and tax collection might not be solved properly, which creates an impact on Namibia's economy as well (Country Economy, 2019). It is found that in some of the geographical areas of Namibia people are completely unaware about the taxation and how this system can influence their growth. It basically works as a negative determinant.

With regard to the following question: ***In your own opinion, how do organisational processes affect tax administration effectiveness in the Namibian Inland Revenue Department?*** the study results show that, among the 81 participants, only 51 answered this question while the rest (30) did not answer. As per the viewpoints of 51 participants, it was highlighted that the tax administration process of Namibia is quite effective. Others opined that more awareness regarding the necessity of paying tax must be created in order to fulfil the objectives of Namibia’s government. They also highlighted the need for an effective organisational structure as well as manual evaluation of the tax administration process. The literature review highlights that inefficient administration is the main reason for the indifferent nature of citizens in tax paying (Castro & Camarillo, 2014; Sarr, 2016; Shagari, 2014).

The survey questionnaire data indicated that the tax receiving cash office in Windhoek closes early (one o’ clock). Therefore, taxpayers who are situated far from this office might not be able to pay tax on a regular basis, which therefore depicts the improper management of IRD of Namibia. In fact, some participants also considered that the IRD of Namibia had on several occasions failed to manage its activities, which was becoming a hindrance to the effective implementation and administration of tax legislations.

In contrast, few participants further opined that due to the automated system implemented by IRD of Namibia, tax collection as well as tax administration were effectively handled. Few of the participants also highlighted and agreed with the fact that improper management of organisational processes affect the tax administration process of Namibia. Hence, as the majority of the respondents concluded that improper organisational processes and activity management are the responsible factor for tax administration issues, the Government of Namibia should focus on this fact.

Another question was: '***Would you say the Namibian Inland Revenue Department is well- equipped and well-staffed to effectively administer taxation in Namibia?***'Out of the 81 respondents, 77 provided answers to this question. The results are shown in Figure 4.5 below.

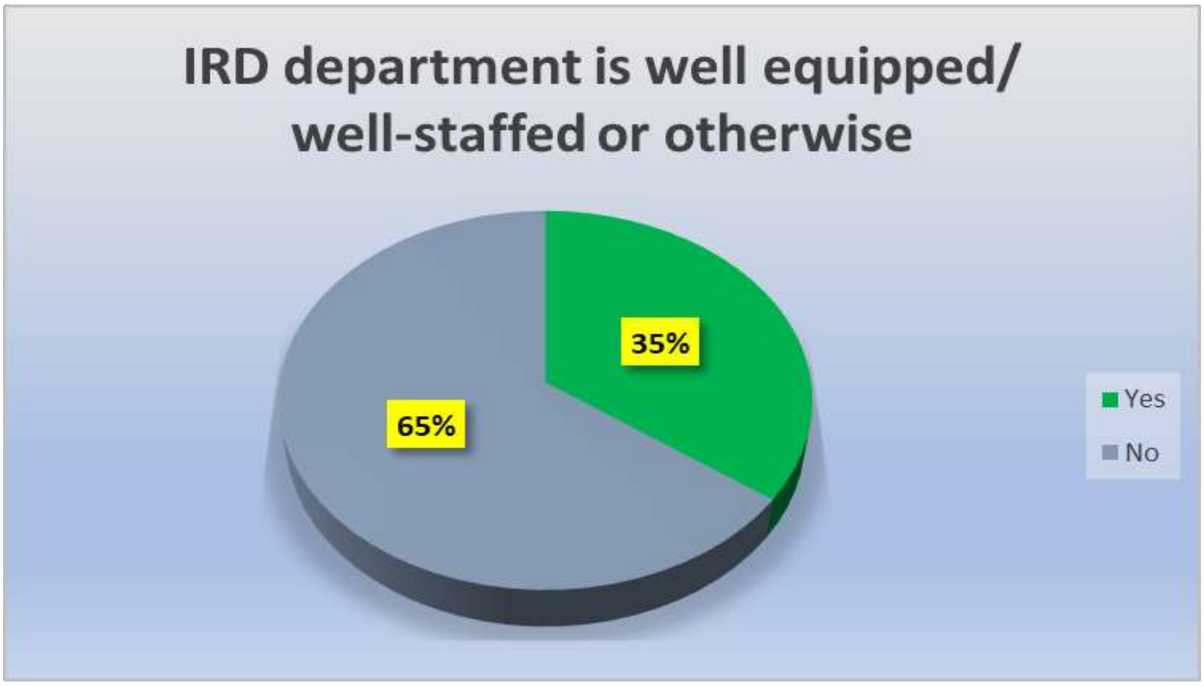

Figure 4.5: Is IRD well-equipped and well-staffed to effectively administer taxation?

Source: Primary Data

As shown in Figure 4.5, 65% of the respondents indicated that the IRD was not well-equipped to effectively administer taxation in the country, while 35% of the respondents felt that the department was well-equipped. It can therefore be noted that the majority of respondents did not consider the department as being well-equipped. The minimum value for this was 1, while the maximum value for this was 2. The mean value for these responses was 1.65. There was some variance in this range of responses and it had a value of 0.23. From this, the standard deviation came to an approximate value of 0.48. Even though this value is not inordinately large, it does show that there were some small differences in opinion among the participants regarding this question.

The literature points out that it is necessary for a tax department to have adequate and properly trained staff to make the tax collection process and tax awareness programmes more efficient (Gituma 2017; Bird, 2016; Truitt, 2011). Lack of proper infrastructure and staff places significant constraints on the ability of the IRD to efficiently and effectively administer tax in the country. Delays in the processing of tax returns, as well as inability to follow up on defaulting taxpayers are some of the problems that arise from having a tax department that is not adequately staffed and equipped.

In fact, the majority of the participants basically felt the lack of adequate staff was one of the major reasons why the IRD was failing to create awareness regarding tax payment as well as failing to collect all tax that is due. Kostiainen (2018) highlights that, in order to mitigate tax-related issues, Namibia needs to appropriately handle the staffing arrangement. The issue of staff shortages has caused delays in the tax collection process, which also creates a negative impact on the entire tax administration.

Based on the viewpoint of Dabla-Norris *et al* (2017), in order to mitigate tax-related issues, it is imperative for the revenue department to be well-equipped. The results in this survey however, showed that the IRD is not adequately equipped and this is one of the issues that needs to be addressed in order to enhance the effectiveness of tax administration.

According to the Auditor-General of Namibia (2016), the IRD faces constraints, like the high investment cost of border control machinery and equipment and a lack of shelf space for hard copy files. In addition, the absence of the latest technologies that enhance the efficiency of operations is a huge set-back for effective tax administration. It is therefore imperative for the IRD to be well-equipped if the goal of efficient revenue administration and collection is to be achieved.

4.3.2 Organisational resources as key determinants of organisational performance impact on tax administration effectiveness in IRD

The question to be answered under this section was: '***How do the organisation resources act as a source of tax administration effectiveness in the Namibian Inland Revenue Department?***' From the 81 respondents, 54 managed to provide responses to this question and 27 did not answer. The responses are summarised in Figure 4.6 below.

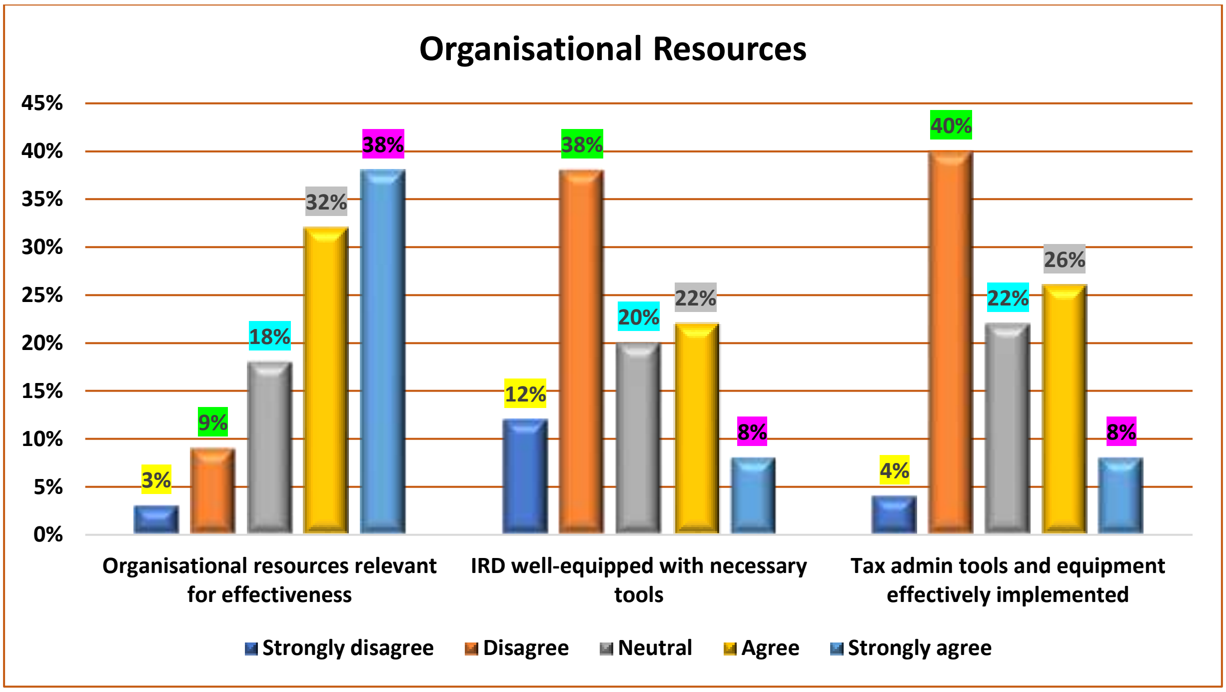

Figure 4.6: Organisational Resources

Source: Primary Data

As shown in Figure 4.6, the majority (70%) of participants agreed and strongly agreed that organisational resources were relevant for the effectiveness of the tax administration function. The results were aligned to the views of different authors and researchers. Mansor (2018) posits that the improvement in the performance of tax administrators tends to depend on the presence of organisational resources and direct efforts. It is evident that proper resources can contribute to effective performance management in tax administration (Kira, 2017).

The majority (40%) of the respondents indicated that the IRD was not equipped with the right tools required for effective tax administration. A further 30% of the respondents neither agreed nor disagreed with the statement. The unavailability of adequate resources means that the IRD cannot implement all the strategies that are required to administer and collect tax effectively. According to Cockfield (2018), inadequate resources constrain the ability of the administrator to improve its operations aiming at enhancing performance. In Namibia, according to the Auditor-General of Namibia (2016), the IRD did not have all the necessary equipment at all the ports of entry and regional offices to execute tax administration functions as required.

Responding to probing questions, the majority of participants particularly highlighted the issue of inadequate human resources in the organisation. According to some participants, the IRD of Namibia had a shortage of skilled and qualified human resources. They emphasised the need for vacant positions to be filled with people with the right qualifications and competences. The shortage of skilled and qualified human capital is a serious constraint to effective tax administration as employees are sometimes not sure of what they are required to do.

As per the research data, it can be concluded that only half of the staff members of the IRD have appropriate skills to handle the tax collection initiatives and the rest of the employees are considered to be not appropriately skilled to handle the tax administration processes. Hence, it can be concluded that Namibia's IRD needs to employ properly trained individuals in their tax administration, who can clear any doubts and confusion of citizens related to taxation and encourage voluntary compliance.

Inadequate budget allocations were also highlighted by several respondents as one of the major resource constraints that hinder effective tax administration in the organisation. The participants felt that the IRD was not allocating adequate funds needed in ensuring that the human, physical, and informational resources were sufficient. It has been noted in literature that physical, human, and informational resources are all depended on the availability of financial resources (Bird, 2018). The implication for the organisation, therefore, is that adequate budget allocations should be made to ensure that there are enough physical, human, and informational resources. With adequate financial resources, the IRD will be able to invest in emergent technologies that have the capacity to transform the operations of the tax administration department.

4.3.3 Availability of Tax Administration Skills

The respondents were presented with the question: ***'Would you say the Namibian Inland Revenue Department's employees have sufficient tax administration skills?*** The responses to this question are summarised in Figure 4.7 below.

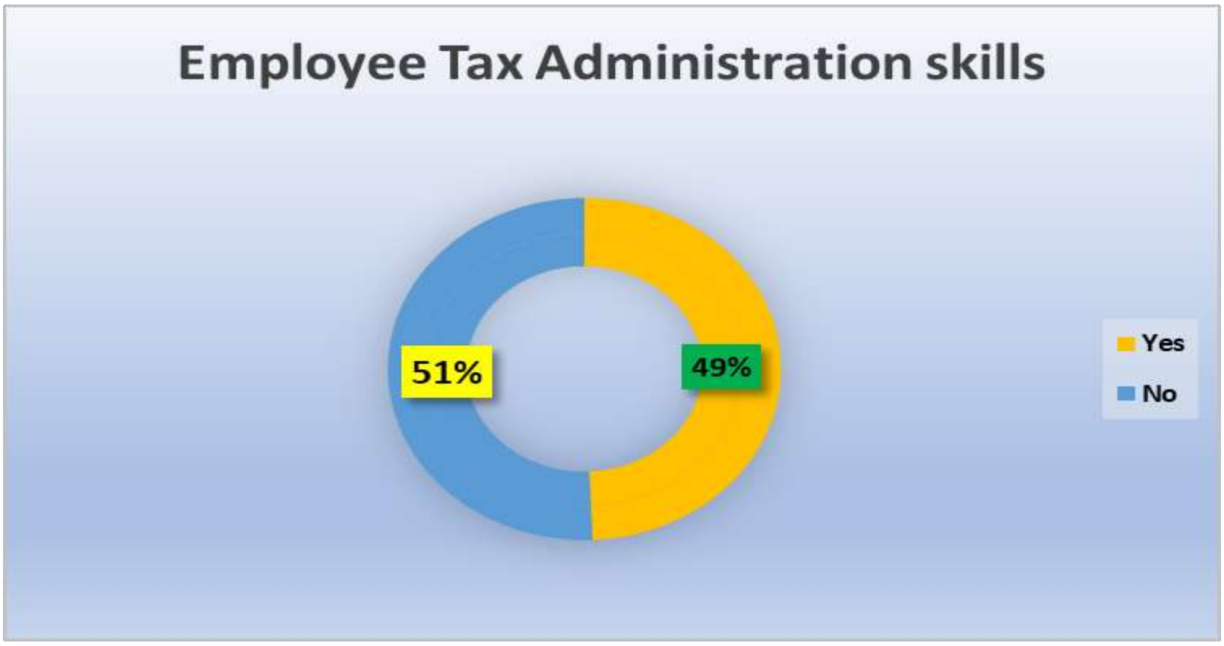

Figure 4.7: IRD employee administration skills

Source: Primary Data

The results in Figure 4.7 indicate that the slight majority (51%) of respondents felt that Namibian IRD employees did not have sufficient tax administration skills. Without adequate skills required for tax administration, employees cannot perform their duties effectively, which leads to poor performance of tax administration. Therefore, it can be said that Namibia's IRD needs to organise skill development training programmes of the employees in order to enhance their capacity to administer and collect revenue effectively.

4.3.4 The Relationship between Employee Skills Development and Tax Administration Effectiveness in IRD

Part of the survey questionnaire related to ***employee skills development*** in IRD. In Namibia, where development and advent of civilisation came very late, development of the employee's skill set is of vital importance, especially in the IRD where tax administration work is very complicated and requires sufficient knowledge on the subject.

As per the views of Fleurbaey and Maniquet, (2018), handling government work related to taxation requires a special skill set. Literature reviews clearly indicate that an efficient skills set will help in eliminating the performance-related constraints in a tax administration process that is essential to improve the effectiveness of the tax administration (Nkhalamo & Sheefeni, 2017; Shikongo, Kakujaha-Matundu, & Kaulihowa, 2019).

The survey questionnaire contained four statements relating to skills development in the organisation. The responses relating to these statements are summarised in Figure 4.8.

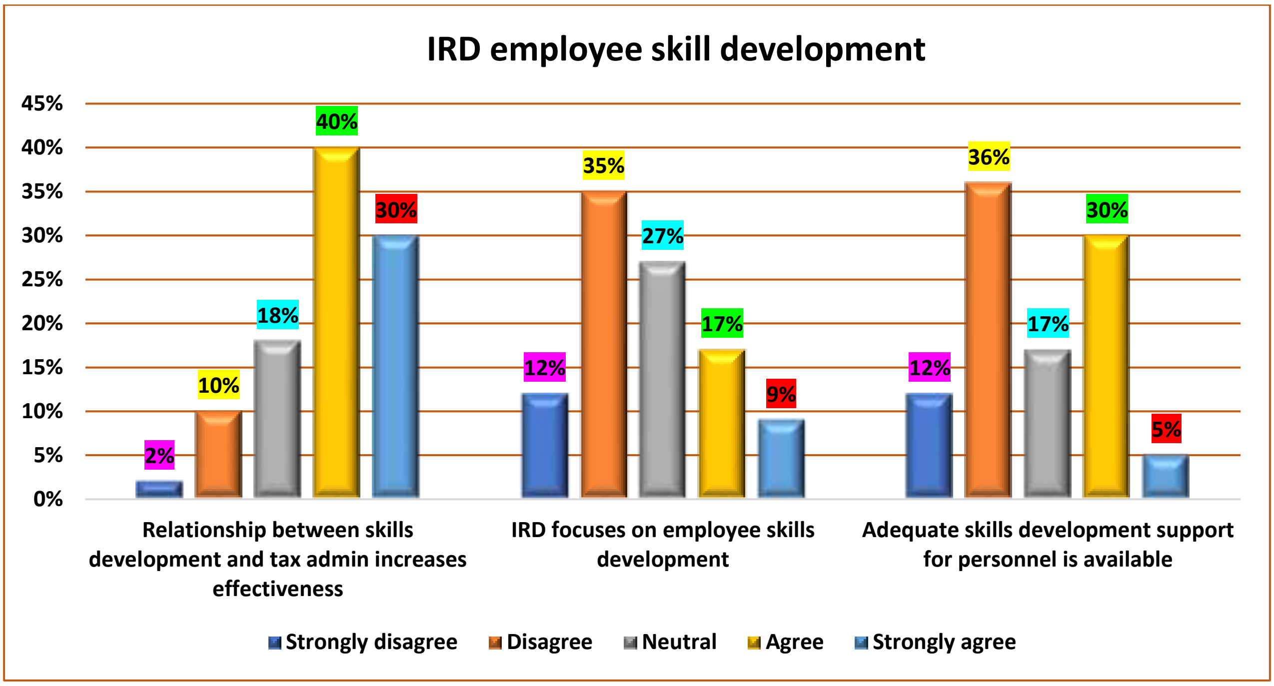

Figure 4.8: IRD employee skill development

Source: Primary Data

The results in Figure 4.8 indicate that the majority (70%) of respondents agreed and strongly agreed that there was a relationship between skills development and the effectiveness of tax administration. The mean value for this statement was 3.87 and the standard deviation was about 1.00. The results are an indication that the IRD should pay special attention to skills development in order to enhance the effectiveness of tax administration in the organisation. This view is aligned to that of Ade and Rossouw (2018) who regard skills development as a tool that plays a major role in ensuring the effectiveness of operations of any organisation.

An investment in IRD employees training enhances teamwork, decision-making as well as extra-personal contact, thereby leading to an improvement in the performance and productivity of the employees, which then leads to improved organisational performance (Bird, 2018). Ade and Rossouw (2018) added that skilled and committed employees who are valued and treated equitably, are more likely to act fairly and professionally in their interactions with taxpayers.

The majority (47%) disagreed and strongly disagreed with the statement that the IRD focuses on employee skills development. In this case, the mean was 2.86 and the standard deviation was 1.11. This means that the IRD is not performing according to expectations in the area of enhancing the skills of employees through training and development.

The lack of focus of employee skills development by the IRD is contrary to the recommendations of various authors and researchers. Nieuwenhuizen (2019) points out that a tax system is ever changing and the skills required by the employees of the revenue department need to be upgraded frequently. As stated by Mergel, (2016), government officials receive training so that they can cope with the changes brought about by the government.

The rules and regulations regarding tax administration are being updated by the government for the development of Namibia. Taxpayers are also devising new techniques of evading tax and these can only be known to employees through training. It is very important for the employees of the IRD to be prepared to handle the changes. The lack of focus on skills development by the IRD therefore means that employees in the department are often behind in their knowledge and understanding, resulting in ineffective tax administration.

In addition to the lack of focus on skills development, the results indicated that there was inadequate support for employee skills development. This was indicated by the majority (48%) of the respondents who strongly disagreed and disagreed with the statement that there is adequate skills development support for personnel.

Top management support for skills development is a crucial requirement for ensuring the successful development of employees' skills in an organisation. According to Kloeden and Fossat (2012), management should actively engage in the identification of skills gaps in the organisation and design training programmes that are appropriate for addressing the skills gaps. Such a proactive approach will help in ensuring that there are adequate skills in the organisation for the effective execution of all tasks in the organisation. IRD management should therefore offer full support for skills development to ensure the effectiveness of tax administration.

In expanding their views on skills development, some respondents highlighted the need to include ethics training in the skills and development programmes. According to the participants, ethics training will assist in building an ethical culture within the organisation, thereby reducing the cases of fraud and corruption by employees. This is in line with the view of Nyanga et al. (2016), who advocates for ethics training to be included as part of continuing professional education.

According to Jacobs, Crawford, Murdoch, Hodges, Lethbridge, Jimenez, and Kamenov (2013), ethics training should, among other things, aim at instilling an attitude whereby employees, when confronted with ethically ambiguous situations or clear opportunities for corruption, put the tax administration's reputation ahead of personal welfare or opportunities for financial gain.

4.3.5 Organisational process as determinants of effective tax administration

Effective and efficient organisational processes are regarded in the literature as critical for the performance of any organisation (Kira, 2017). This means that effective tax administration requires the implementation of effective organisational processes. This study therefore examined the effectiveness of the processes, policies, and procedures of the IRD. The responses to statements relating to organisational processes are summarised in Figure 4.9.

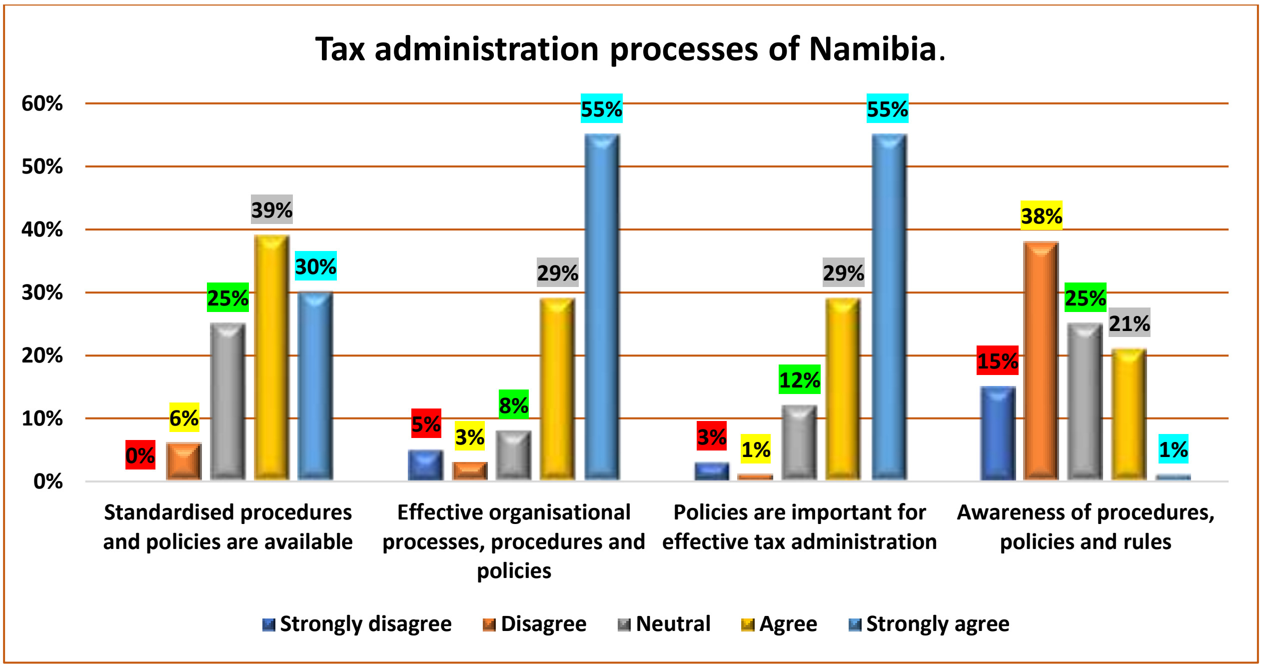

Figure 4.9: Tax administration processes of Namibia

Source: Primary Data

The results in Figure 4.9 show that the majority (84%) of participants agreed and strongly agreed with the statement that policies and procedures are important for enhancing effective tax administration. The mean in this case is 4.33 and the standard deviation is only 0.93. Schlotterbeck, (2017) is of the opinion that policies that regulate tax administration are very important for the revenue department of each country.

According to Jacobs et al. (2013), policies and procedures should also be focused on detecting and deterring corruption. Furthermore, Nkhalamo and Sheefeni, (2017) and Shikongo, Kakujaha-Matundu, and Kaulihowa (2019) elaborate that proper application of tax policy and strict legislation on tax paying can improve the efficiency of tax administration systems because it can eliminate the issue of less tax collection.

The other issue on organisational processes relates to the availability of standardised procedures and policies with the IRD. As shown in Figure 4.9, the majority (69%) of the respondents agreed and strongly agreed that the department had standardised policies and procedures in place. This is a positive development for the tax administration, since it ensures that employees and taxpayers are guided by standards that can easily be followed.

With regard to procedures and processes, a tax administration should be characterised by administrative transparency, which can assist in achieving high voluntary tax compliance and reducing opportunities for corruption among tax officials (Nyanga et al., 2016). Standardised procedures and electronic and physical tax forms, which are made widely available to taxpayers, limit one-on-one contact between taxpayers and tax officials. In addition, standardised administrative procedures and processes assist in ensuring that all taxpayers are treated in a consistent manner. On whether the IRD has effective policies, procedures, and processes in place, Figure 4.9 shows that the majority (84%) of respondents agreed and strongly agreed that these were available. According to Jacobs et al. (2013), an effective tax policy should be clear and should specify all the aspects of tax administration that are important, such as the determination of amounts payable, methods of payment and due dates for payment, as well as procedures for filing and addressing complaints by taxpayers.

The literature has, however, established that the current NITA has some weaknesses that need to be addressed. According to Hamutumwa (2019), the current NITA, as amended, under Part III, lacks effective and efficient provisions for handling of administrative appeals and complaints. For instance, the NITA does not provide a mandatory timeline for providing a decision on objections (Nyanga, Robidoux, & Molefe 2016). The Namibian tax system has legal, procedural, and practical loopholes that make it difficult and costly, if not impossible, for a taxpayer to be heard and to be guaranteed procedural suitability during the dispute resolution process (Nyanga et al., 2016).

The study also sought to establish the level of awareness of procedures, policies, and rules. The results shown in Figure 4.9 indicate that the majority (53%) of respondents strongly disagreed and disagreed with the statement that there is awareness of procedures, policies, and rules of the IRD among taxpayers. The mean value for this response range is 2.74, while the standard deviation is towards the low to moderate end at 0.95.

This means that taxpayers of Namibia are not fully aware of the tax administration procedures, processes, and policies of Namibia. Taxpayer awareness of policies, procedures, and rules is crucial, since they will have knowledge of their tax obligations as well as how and when to fulfil them (Kloeden & Fossat, 2012). Jacobs et al. (2013) highlighted the need for tax administrations to develop simple tax policies and laws that can make the public comfortable with the tax regime. Simple tax policies, procedures, and laws enable taxpayers to interpret tax law on their own, thereby increasing the chances of compliance.

It is imperative that Namibia's IRD needs to clearly demonstrate the tax collecting and administration processes on their websites and in the media, to properly educate the nation about the advantages of tax administration and tax revenue generation for the overall development of the country.

In response to probing questions on organisational processes, some respondents emphasised the need for the IRD to increase the extent of automation of administrative processes. The respondents felt that the current processes were not sufficiently automated and this gave a lot of work to employees and also increased the chances of corrupt activities.

Jacobs et al. (2013) emphasises the need to automate administrative processes in tax administration. The automation of more processes significantly reduces discretion and processes become impersonal. Automation should be accompanied by security procedures to protect the information within the IT system from tampering, abuse, and unauthorised use. Provided that the IT system is sufficiently secure, automation can significantly reduce the scope of corrupt practice.

4.4 Analysis of Measures for Assumptions

4.4.1 Reliability Test

Reliability analysis allows us to study the properties of measurement scales and the items that compose the scales of variables. The reliability analysis procedure was used to calculate a number of commonly used measures of scale reliability and also provided information about the relationships between individual items in the scale. Intra-class correlation coefficients can be used to compute inter-rater reliability estimates.

The following question arises: Does my questionnaire measure tax administration effectiveness in a useful way? Using reliability analysis, the study determined the extent to which the questions in the survey questionnaire were related to each other; to get an overall index of the repeatability or internal consistency of the scale as a whole, and also to identify problem items that should be excluded from the scale.

The Cronbach Alpha model was used as an internal consistency measure, based on the average inter-item correlation. The Cronbach's Alpha coefficient was tested for both determinant factors and tax administration effectiveness items for the reliability of the measures. The Cronbach's alpha coefficient acceptability scale was within 0.70, as seen on Table 4.1.

Table 4.1: Reliability test table.

Variables	Name of variable	Cronbach's Alpha	No. of Items
Tax administration effectiveness	Dependent	0.716	4
Tax Administration Processes	Independent	0.769	4
Organisational Resources	Independent	0.531	4
Employee Skills Development	Independent	0.740	4

Source: Primary Data

As Table 4.1 illustrates, the Cronbach's alpha scores for all variables suit the stated condition. For example, the alpha value for both dependent (Tax administration effectiveness) and independent (Tax Administration process, Organisational resources, and Employee skill development (0.71 and 0.769, 0.531, 0.740 respectively), are greater than the stated minimum standard.

4.4.2 Normality Test

The rationale behind hypothesis testing relies on having something that is normally distributed. In some cases, it is the sampling distribution and in others, the errors in the model (Field, 2009). Whether the distribution is normal or not is one of the basic assumptions in parametric tests. Consequently, if we draw a vertical line through the centre of the distribution of tax administration effectiveness it displays a mirror image distance on both sides. This kind of distribution is known as a normal distribution and is characterised by the bell-shaped curve. This shape basically implies that the majority of the scores lie around the centre of the distribution (so the largest bars on the histogram are the left side).

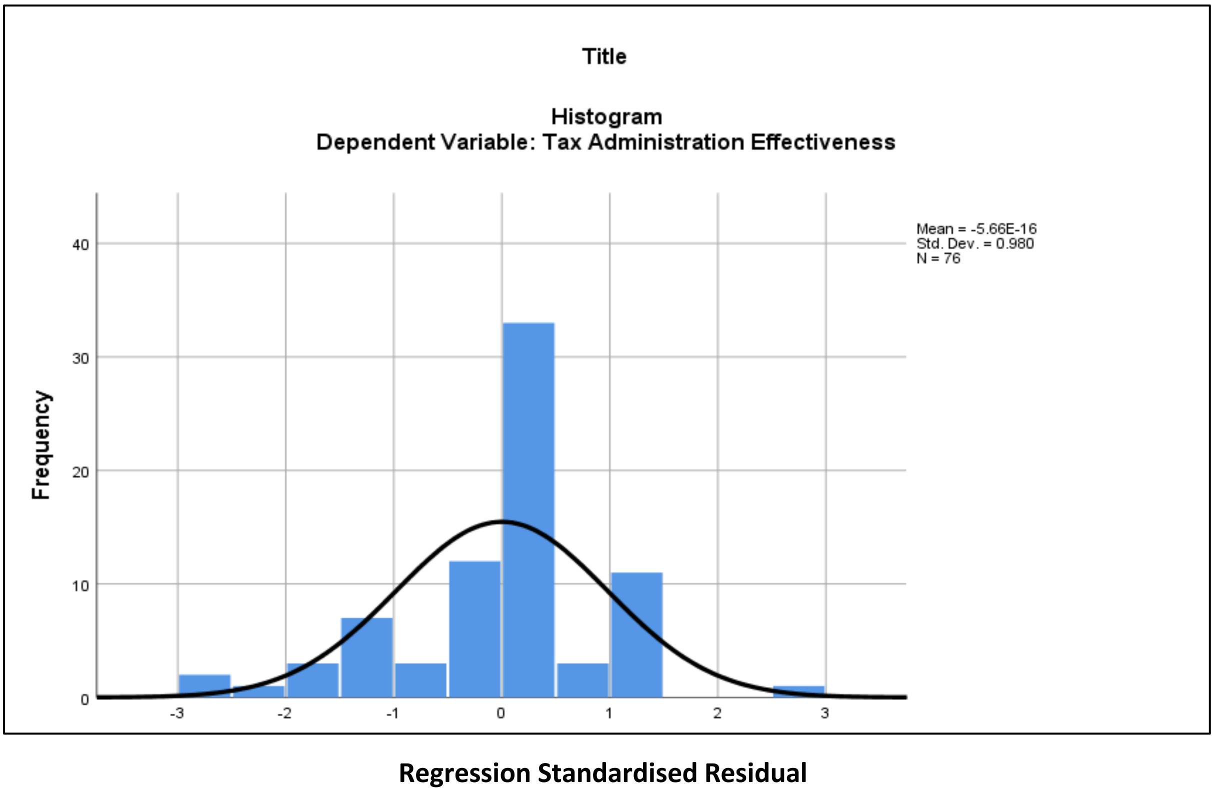

Figure 4.10: Normality test on tax administration effectiveness

Source: Primary Data

Evident from Table 4.2, the residuals are distributed normally from both sides and their distribution is considered as a normal curve. Without probability sampling, error estimates cannot be constructed (Pajares, 2008).

4.4.3 Test for Model Adequacy

R^2 measures the proportion of variation in the dependent variable (Y) = (TAE), that is explained by explanatory/ independent/ variables such as tax administration processes, organisational resources, employee skill development or a multiple linear regression model. A small value of R^2 casts doubt about the usefulness of the regression equation. We do not, however, pass final judgments on the equation until it has been subjected to an objective statistical test. However, R^2 never decreases when a new X variable is added to the model, even if the new variable is not an important predictor variable. This can be a disadvantage when comparing models, making the net effect of adding a new variable to lose a degree of freedom when a new X variable is added.

An Adjusted Coefficient of Determination is used to correct for the fact that adding non-relevant independent variables will still reduce the error sum of squares. Adjusted R^2 provides a better comparison between multiple regression models with different numbers of independent variables.

Table 4.2: Model summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.717[a]	.515	.694	.663
Predictors: (Constant) ESD, TAP, TOR				
b. Dependent Variable: TAE				

Source: Primary Data

In this case, in the model summary shown in Table 4.3, the value of the adjusted R square 0.694 indicates that 69.4% of the variation (change) in effectiveness of tax administration is attributed to the total effect of independent variables/Tax Administration process, organisational resources, and employee skill development. The remaining 30.6% of the variation in effectiveness of tax administration is due to factors which are not included in the model.

Jackson and Milliron (1986) list fourteen main factors that influence tax compliance, which are also cited by Teklu (2016). These factors are age, gender, education, income, occupation or status, peers' or other taxpayers' influence, ethics, legal sanctions, complexity, relationship with taxation authorities (such as IRD), income sources, perceived fairness of the tax system, possibility of being audited and tax rate (Teklu, 2016). This result indicates that if taxpayers are treated fairly and equitably; educated about the right and duty bounds of taxpayers; provided with quality service and enforced compliance, these together increase the tax compliance and hence tax administration effectiveness by 54.5%.

4.4.4 Test of ANOVA

The inferential analysis below tests the stated hypothesis which includes model adequacy and ANOVA (analysis of variance), to see the proportion of variation independent variable (Y) that is explained by the explanatory variables. Meanwhile, regression and Pearson's correlation are used to find out the relationship between dependent and independent variables in order to provide evidence in hypothesis testing. ANOVA was used to see the share of regression in the total sum of squares by splitting the model into regression and residual.

Table 4.3: Test of ANOVA

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	33.503	3	11.168	25.443	.000[b]
	Residual	31.603	72	.439		
	Total	65.105	75			
a. Dependent Variable: Tax Administration Effectiveness						

b. Predictors: (Constant), Employee Skills Development, Tax Administration Processes | Organisational Resources

Source: Primary Data

ANOVA, in this study also explains the regression by splitting the total sum of squares into regression (explained) sum of squares and error (unexplained) sum of squares. If a regression model is adequate, the explained variance should be considerably higher than the unexplained variation. The ANOVA Table 4.4 of the SPSS output illustrates the total sum of squares (65.105) is split into regression (33.503) and residuals (31.603) which ascertain the condition F (11,168) =25.443, ρ (. 000) <α (. 05).

4.4.5 Multiple Regression Analysis

In the regression model the coefficients of multiple regressions explain the contribution of an individual explanatory variable on the dependent variable. Table 4.5 summarises and tests the hypothesis.

Table 4.4: Summaries of the hypotheses test results

Coefficients						
Model		Unstandardised Coefficients		Standardised Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.775	.379		4.679	.000
	Tax Administration Processes (TAP)	.633	.073	.728	8.680	.000
	Organisational Resources (TOR)	.530	.077	.637	3.391	.007

Employee Skills Development [ESD]	.569	.081	.581	2.849	.008
a. Dependent Variable: Tax Administration Effectiveness					

Source: Primary Data

In Table 4.4, (TAE) stands for tax administration effectiveness, (TAP) stands for tax administration processes, (TOR) for organisational resources, and (TAE) for tax law enforcement. Table 4.4 illustrates the effects of the predicators (tax administration processes, organisational resources and employee skill development). As the result of the regression coefficients depicts, the relation there is a significant relation between tax administration and all the other explanatory variables: TAEi =. 1.775+.633TAPi + 0.030TORi - 0.069ESDi+Єi.

4.5 Discussion of the Findings of Hypothesis Tests

H1: Tax administration processes have no significant relation with tax administration effectiveness.

As table 4.5 illustrates t= 8.680, ρ- value is 0.000 which is < α-value (0.05), β1 = .633 which show the variation /change/ in tax administration effectiveness due to a unit change in Tax Administration Processes. The coefficient of TAP (β1) in Table 4.5 indicates that, if revenue authority brings one more unit change in administration processes than it is now, this will increase the compliance level of taxpayers and hence tax administration effectiveness by 63.3 %.

Due to the above evidences the null hypothesis 1 that stated Tax Administration Processes have no significant relation to tax administration effectiveness is rejected. It can therefore be concluded that there is a significant relationship between organisational processes and the effectiveness of tax administration.

Maxwell (2016) believes there is a need of controlling tax collection requirements in order to enhance the revenue collection process. An effective way of doing this is considering optimum rate structure, appropriate rules and regulations and human capacity as well as increasing control to reduce leakage. In addition, it is essential that a tax administration carries out its responsibilities in a manner which warrants the highest degree of public confidence in the organisation's effectiveness, efficiency, integrity and fairness.

Process theories have appeared in organisation theory, strategic management, operations management, group dynamics, and studies of managerial behaviour. The few scholarly efforts to tackle processes as a collective phenomenon either have been tightly focused on theoretical or methodological statements, or have focused primarily on a single type of process theory.

H2: organisational resources have no significant relation to tax administration effectiveness.

The same Table 4.5 shows that $t=3.391$, ρ- value is. 0.007 Which is < α-value (0.05), $\beta 2 = .030$ which show the variation in tax administration effectiveness due to a unit change in organisational resources. This result also leads us to reject null hypothesis 2 and therefore conclude that tax organisational resources have a significant relationship with tax administration effectiveness.

H3: Employee skills development has no significant relation to tax administration effectiveness.

The SPSS output in Table 4.5 also shows that t= -0.069, ρ- value is 0.008 which is < α-value (0.05), β3 =-0.569 which show the variation /change/ in tax administration effectiveness due to a unit change in employee skills development. Thus, null hypothesis 2 is rejected and the conclusion is that there is a significant relationship between employee skills development and the effectiveness of tax administration.

4.6 Chapter Summary

In this chapter, the results on the determinants of effective tax administration: Inland Revenue Department (IRD), Namibia were reported, discussed, and interpreted. Based on the objectives and hypothesis designed for this study, the research employed both descriptive and inferential statistics to analyse the collected data. The data collected from the primary source were presented using themes, tables, graphs, and figures.

The next chapter (chapter 5), is about the research conclusions and recommendations.

CHAPTER FIVE:

CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the conclusion and recommendations of the study based on the analysis and research findings. The conclusion part of the study summarises the results, based on the set study objectives and hypothesis. The recommendations were forwarded to concerned bodies to ensure effective tax administration. In both cases the findings from descriptive and inferential analysis are included and summarised, based on their chronological and thematic order discussed earlier.

5.2 Summary of the Research Findings

The study was conducted with the aim of analysing the determinants of effective tax administration in Namibia. Tax administration in the country is handled by the IRD. To achieve the study's objectives, both quantitative and qualitative methods were used. Considering that the age group distribution of the respondents to the survey questionnaire was dominated by the middle-aged employees, this indicated that they have a high interest in tax administration. The middle-aged employees showed contrasting responses, which highlights the fact that they are concerned about effective tax administration.

The responses drawn from different directorates, divisions and subdivisions of IRD show the awareness about taxation and its administration among the participants. Most of the participants in the survey questionnaire were educated and they held various degrees. It was observed that most of the valuable input on the tax administration and collection came from holders of Grade 12, diplomas, bachelor's and master's degrees. Thus, the awareness of the tax administration in the country was equally distributed among all education levels.

Awareness on the organisational process of the IRD of Namibia is quite high. Most of the participants in the survey questionnaire said they were well aware of the organisational process related to tax administration. The level of awareness shows that the employees of all Namibia's IRD are concerned in making the tax administration effective and contribute towards it. There were few participants who did not provide their responses, which showed their lack of interest.

The impact that the organisational process of the IRD has on tax administration is huge. Some of the participants felt that the impact was positive while others felt it was negative. The responses showed that the current organisational processes make the tax administration effective. Some responses show that changes need to be made, especially in the area of awareness, to increase the effectiveness of organisational processes in tax administration.

The IRD uses their customer service directorate to enhance the awareness of tax payment and tax administration. The IRD website also provides a lot of information to the common public of Namibia, making them aware of tax payments and regulations.

However, some participants felt that many people in Namibia did not pay taxes, which denotes the scarcity of resources to create awareness. The study shows that, although the employees were aware of the positive relationship between tax administration and employee skills, they did not get proper training. Many participants highlighted the fact that training is required frequently so that their skills can be upgraded to ensure efficient tax administration. The responses on the policies and procedures that make tax administration effective proves that the IRD has effective rules and regulations. Although the policies and procedures of the IRD in Namibia are very effective, the cases related to tax fraud are on the increase.

It is clear from the survey questionnaire that the taxpayers in Namibia are not well aware of the tax collection policies and regulations related to tax administration. Responses from the survey questionnaire help in understanding that the resources possessed by the IRD are adequate in increasing the effectiveness of tax administration and creating awareness on tax payments. The responses from the survey questionnaire also highlight the fact that the IRD is not well-equipped with tools and equipment related to tax administration. The current tools and techniques are also not implemented in the correct way, thus the results generated from these tools do not help in tax administration.

The hiring in IRD is done in partial consideration of the skill set of the employees regarding the tax administration. The personnel to train employees is available, but the numbers are very small. According to the responses to the survey questionnaire, the policies formulated by the government are very important for the effective administration of tax in Namibia. Moreover, the responses highlighted that the services provided, departmental goals and cost-effectiveness are very important in administering taxation.

Effective tax administration processes build a trust bridge between tax, the tax authority and taxpayers. In this study, the effects of fairness/and equity on dependent variable were sorted out by multiple regression and correlation tables. The output of this analysis portrayed that tax administration processes have a significant relation to tax administration effectiveness. As table 4.5 showed, $t = 8.680$, ρ- value is 0.000 which is < α-value (0.05), $\beta 1 = .633$, which shows the variation and change in tax administration effectiveness due to a unit change in tax administration processes.

5.3 Conclusions

5.3.1 Organisation Process that Affects Tax Administration

The objective of establishing the organisational process that affects tax administration was partially fulfilled by the responses from questions 1, 2, 3, and 4 of the survey questionnaire as it highlighted the category of people involved in the organisational process. The responses from the survey questions described the awareness of the organisational process and the effect it has on tax administration. Responses also highlighted the policies and procedures within the organisational process and their effectiveness to the tax administers.

Can THE IRD handle changes in the tax administration easily? The findings show that the Department does not have the capability to handle change. Client and stakeholder satisfaction are on a higher level in accordance with IRD. The working environment at IRD is not the best, but it is adjustable and also not that bad. On the working environment, half of the respondents gave a positive picture while the other half portrayed a negative picture.

5.3.2 The Impact of Organisational Resources on Tax Administration

The objective of establishing the impact of organisational resources on tax administration was partially fulfilled by the survey questions 1, 2, 3, and 4 as it described the people involved in using the organisational resources. Survey questions also fulfilled this objective completely, as it highlighted the resources available with the revenue department and their effectiveness in tax administration.

The needs of extra staff and the issue in organisational structure is also highlighted in the survey questionnaire, which directly affects the tax administration in Namibia. According to the responses from the survey questionnaire, the IRD is not well-equipped to handle tax-related issues. In order to increase the effectiveness in tax administration the Revenue Department has to be well equipped, but the case is opposite in the scenario of Namibia. Most of the participants felt that they do not have adequate resources to create awareness on tax collection and administration.

5.3.3 The Relationship Between Employee Skill Development and Tax Administration

The survey questionnaire, e.g. questions 1, 2, 3 and 4 fulfilled the objective of establishing the relationship between employee skill development and tax administration partially, as it described the people involved in the relationship between employee skill development and tax administration. Responses from the survey questions, such as 9, 10 and 13, highlighted the effectiveness that the concerned relationship has on tax administration.

The study concluded that about 39.4% of the participants felt that the relationship between development of employee skill set and tax administration increased the effectiveness of tax administration. On the other hand, it is seen that about 10.26% of the participants in the survey questionnaire felt that the effectiveness of tax administration was not increased by the relationship.

5.4 Recommendations

5.4.1 Innovative Media Campaigns to Create Awareness on Tax Payments

The knowledge about the payment of tax and how to complete tax returns should be shared among the taxpayers of Namibia. In the modern era we live in, social media is the best means of communication as most of the people are available on social media platforms such as Instagram, LinkedIn, Facebook, Twitter, WhatsApp, among others. An informative page must be created on most of the social media platforms so that the local public can be informed about the existing taxation process.

Moreover, any changes in the tax administration can also be communicated to the taxpayers who are connected through the social media platforms. The young generation who are not interested in the tax administration can also be informed through social media campaigns. Most of the youngsters are available on social media and they can get a lot of information from the tax awareness pages.

5.4.2 Training to the IRD Employees

Training and development sessions are required to develop the skills of the employees pertaining to effective tax administration. Development of skills related to tax administration can help to deal with challenges related to tax payments and VAT refunds, among others. The employees can implement the policies and procedures related to tax administration in a better way if their skills are developed in that area. Training sessions will also make the employees confident in handling tax-related issues, which will in turn improve their performance.

Once the IRD starts performing to the maximum capacity, it will improve the overall tax administration process in Namibia. The organisational processes will also become effective in tax administration if the employees are trained in such a way that they can bring about required change in the organisational processes.

5.4.3 Involving IRD Management in Understanding the Gaps Identified in this Study

The study on the effectiveness of tax administration in Namibia by the IRD can be improved if interviews are conducted with the top management. The employees on the top level of the organisational structure can provide better information on the effectiveness of tax administration. The issue in implementation of various processes and the scarcity of proper tools and techniques can be highlighted better by top management. The years of experience that these employees hold will help them to highlight the main issues that render the organisational processes ineffective.

The relation between employee skill development and tax administration can also be explained better through the response from the interviews with the top-level employees of the IRD. Thus, the interviews with the high-level employees can eliminate most of the gaps in the study.

5.5 Recommendations for Future Scope of the Study

There are various opportunities for future studies to be conducted. The tax administration in any country is always changing. The future study can be done on the challenges faced by the tax authority due to changes in the taxation policies and procedures. The positive or negative impact of the new policies and procedures can also be studied in the future. The advantages the employees have after the skill development sessions and how they impacted tax administration in Namibia can also be studied in the future.

There are various opportunities to choose from to conduct the same research in the future. Further studies may also include some missed tenets of effective tax administration. It could include accountability, employee motivation, and transparency. Furthermore, studies on tax evasion or tax concessions could identify the gaps and numbers, which if included in tax net, could greatly increase tax administration efficiency. Similarly, the studies should rely on the tax authority statistics, as well as on other available data, not merely on participants' responses.

In the current study, theories related to effective tax administration, such as the ability to pay theory and governance theory, were explored. These theories define the requirement in effective tax administration but do not describe the aspect of employee skill development.

In future studies, theories related to employee skill development, such as theory of reinforcement*,* can be explored to understand the skills development requirements. The theory of reinforcement states that the learning behaviour of an employee can be accessed to understand their training requirement. This theory also emphasises that training and development need to occur frequently. It is also very important to identify these requirements so that the skills of the employees can be developed. Thus, an analysis of this theory will be an important inclusion in the future.

5.6 Chapter Summary

The chapter contained the conclusions drawn from research findings as well as recommendations for improving the effectiveness of tax administration. The recommendations were split into two subsections, which are recommendations based on the findings of the study and recommendations on the future scope of the study. The chapter was ended by providing the summary of the discussions undertaken in the chapter. Chapter 5 is the final chapter of the entire study.

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ANNEXURES

Annexure One: UNAM Research Permission

CENTRE FOR POSTGRADUATE STUDIES

University of Namibia, Private Bag 13301, Windhoek, Namibia
340 Mandume Ndemufayo Avenue, Pioneers Park
☎ +264 61 206 3275/4662; Fax +264 61 206 3290; URL: http//www.unam.edu.na

UNAM
UNIVERSITY OF NAMIBIA

RESEARCH PERMISSION LETTER

Student Name: Mr. William Claasen

Student number: 201402458

Programme: Master of Science (Accounting and Finance)

Approved research title: An analysis of determinants of effective tax administration: Inland Revenue department, Namibia

TO WHOM IT MAY CONCERN

I hereby confirm that the above mentioned student is registered at the University of Namibia for the programme indicated. The proposed study met all the requirements as stipulated in the University guidelines and has been approved by the relevant committees. Permission is hereby granted to carry out the research as described in the approved proposal.

The proposal adheres to ethical principles. Permission is hereby granted to carry out the research as described in the approved proposal.

Best Regards

Name: Prof. M. Hedimbi

Director: Centre for Postgraduate Studies

Tel: +264 61 2063275

E-mail: directorpgs@unam.na

Centre for Postgraduate Studies
Office of the Director
18 Oct 2019
2019 -10- 18
Date
University of Namibia
UNAM

Annexure Two: Ministry of Finance Research Permission

6-0/0140

REPUBLIC OF NAMIBIA

MINISTRY OF FINANCE

OFFICE OF THE EXECUTIVE DIRECTOR

Tel.: (00 264 61) 2099111/2928
Fax: (00 264 61) 227702
Enquiries: ....*Office of the ED*
Our Ref.: .... Your Ref.: ....

Head Office,
Moltke Street,
Private Bag 13295,
Windhoek

25 October 2019

Mr Williams Claasen
Student
UNAM
WINDHOEK

Dear Mr Claasen

RE: PERMISSION TO CONDUCT RESEARCH STUDY

I acknowledge with appreciation, receipt of your letter, on the above subject.

Kindly be informed that the Ministry of Finance is in support of your request, and hereby, authorises you to conduct the research study.

You are advised to act in accordance with the Ministry of Finance policies and procedures, and all information obtained remains the property of this Ministry, and should be used for study purposes only. Further, you are required to submit to this office, a copy of the final report which will enable us to work on the findings and recommendations.

Finally, I would like to wish you all the best in your studies.

Yours sincerely,

ERICAH B. SHAFUDAH
EXECUTIVE DIRECTOR

Cc: Commissioner IRD

Annexure Three: Questionnaire Survey

Section A: Demographic Statistics

Age

- [ ] +18
- [ ] 19-24
- [ ] 25-34
- [ ] 35-44
- [ ] 45-54
- [ ] 55-64
- [ ] 65

Gender

- ○ Male
- ○ Female

Department

Education

- [ ] PHD
- [ ] Masters Degree
- [ ] Honours Degree
- [ ] Bachelors
- [ ] Diploma
- [ ] Grade 12
- [ ] Grade 10
- [ ] Other

SECTION B:

THE CAUSE OF FAILURE OF ORGANISATIONAL PROCESSES

Are you aware of any organisational processes in the Namibian Inland Revenue?

◯ Yes ◯ No

Do you deem the organisational processes effective and necessary onhow it administrate taxation?

◯ Yes ◯ No

If No, please explain where you see them lacking

How would you judge these organisational processes in relation to the tax administration setup of Namibia?

☐ Perfectly Effective ☐ Very good ☐ Somewhat wobbly

☐ Poor

In your own opinion, how do organisational processes affects tax administration effectiveness in the Namibian Inland Revenue Department?

Section C

ORGANISATIONAL RESOURCES

Would you say your organisation is fully equipped and well manned to effectively undertake its taxation task?

- ◯ Yes
- ◯ No

If Yes/No kindly Justify

How would you rate your organisation's performance in taxation for the last 5 years?

- ☐ Excellent
- ☐ Very good
- ☐ Satisfactory
- ☐ Poor

How do organisational resources impact on tax administration effectiveness in the Namibian Inland Revenue department

Section D:

EMPLOYEE SKILL DEVELOPMENT

Would you sayyour organisation employees have sufficient taxadministration skills?

◯ Yes ◯ No

Kindly Justify ....

How would you rate employees' understanding of the tax law in Namibia?

☐ Excelent ☐ Very good ☐ Satisfactory

☐ Poor

How do employee skill development impact on tax administration effectiveness in the Namibian Inland Revenue department?

Section E

For each of the statements below, please rate your answer and mark with (x) the appropriate box as follows:

Strongly disagree (1); Disagree (2); Disagree moderately (3); Agree moderately (4); Agree (5); Strongly agree (6)

There are no "right or wrong" answers to these questions; so please be as honest and thoughtful as possible in your responses. All responses will be kept strictly confidential.

Tax Administration Processes

The Inland Revenue department has standardised procedures and policies with regard to taxation.	1	2	3	4	5	6
Revenues collected are submitted to the right offices	1	2	3	4	5	6
There are cases of fraud reported from the revenues collected	1	2	3	4	5	6
There are cases where revenue collection staff collude amongst themselves not to submit all revenuescollected	1	2	3	4	5	6
There are policies, rules and regulations governing revenue collection within the country	1	2	3	4	5	6
The policies, rules and regulations governing revenue collection within the country are available to the public	1	2	3	4	5	6
The policies, rules and regulations are effective.	1	2	3	4	5	6

Organisational Resources

The country government have the necessary tools, equipment/machines necessary for revenue collection.	1	2	3	4	5	6
These revenue collection tools, equipment and machines are efficient.	1	2	3	4	5	6
There are tools, equipment and machines well designed and specific to the jobs they were meant for	1	2	3	4	5	6
These revenue collection machines provide timely reports on revenue collected	1	2	3	4	5	6
The staff are capable of using the ICT systems to collect and report on revenues collected	1	2	3	4	5	6
Reports generated by the ICT systems are verifiable and useful in ensuring transparency and accountability	1	2	3	4	5	6

Employee Skills Development

The personnel in the Inland Revenue department get adequate exposure to contemporary tax administration concepts.	1	2	3	4	5	6
Adequate skills development support for relevant personnel is available in the Inland Revenue department for tax administration.	1	2	3	4	5	6
Employees have the opportunity for career development within the Inland Revenue department.	1	2	3	4	5	6
The Inland Revenue department's employees have deep understanding of tax structure	1	2	3	4	5	6
Employees understand the tax law in Namibia	1	2	3	4	5	6
Employees know what the key taxation skiarethat our department needs in the next five years.	1	2	3	4	5	6

Tax Administration Effectiveness

Our department's taxation goals, quality of service, cost-effectiveness, and performance are often commendable.	1	2	3	4	5	6
Tax administration effectiveness is always ensured by adequate people and processes in the Inland Revenue department.	1	2	3	4	5	6
The work atmosphere (integration, commitment and cohesion) is very good in Inland Revenue department.	1	2	3	4	5	6
The Inland Revenue department enjoys a high level of employee job satisfaction.	1	2	3	4	5	6
The Inland Revenue department has adequate capacity to react appropriately and expeditiously to change.	1	2	3	4	5	6

The End.