

Citizen's satisfaction with public services and willingness to pay taxes in Tanzania

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Improved delivery of social services encourages citizens to pay more taxes

Key messages:

- Public agencies need to raise levels of citizen's satisfaction with public services
- Efficient public services provision are the main drivers to encourage citizens pay taxes
- Citizens satisfied with the public services are willing to pay more taxes
- Improving quality of service delivery by the public sector will make the economy more productive

Introduction

Measuring user's satisfaction with the public goods and services are an important component of organizational performance strategies for continual improvement (OECD, 2013). It is also a means of allowing policy makers to understand their customer base, helping to identify needs or gaps in accessibility (OECD, 2013). Public services are key determinant of quality of life and important ingredients for any poverty reduction strategy.

It is well known that a highly satisfied citizen is willing to pay more taxes in regard to the utility derived from the public goods or services (See, Glaser & Hildreth, 1999). This means that, dissatisfied citizens are unwilling to pay more taxes due to low/poor utility derived from public goods/services (REPOA Brief, 2016). Under these scenarios, it's clear that there might be a relationship between citizen's satisfaction and willingness to pay taxes for public goods/services. The key question is, what kind of relationship exists? Is it linear and positive (i.e., increasing citizen's satisfaction associated with increasing willingness to pay taxes) or vice-versa?

This policy brief tests the link between citizen's satisfaction with public services delivery and willingness to pay taxes in Tanzania using cross sectional surveys data in Lindi, Mtwara and Dar es Salaam regions.

The finding shows an association between

citizen's satisfaction on public services delivery and willingness to pay taxes in Tanzania (See Table 1). Moreover, the correlation analysis revealed mixed results for linear relationship. For instance, an increase of one unit of public services delivery (i.e., *electricity supply, agricultural extension, sewage services, street cleaning, health services, road maintenance, market places and bus stand*) was associated with one unit increase of citizen's willingness to pay more taxes. A negative linear relationship exists for citizen's satisfaction with public services (i.e., *primary and secondary schools, water supply, garbage collection, health clinic and district hospital services*) and willingness to pay taxes. An increase of one unit of citizen's satisfaction on these public services was associated with a unit decrease of willingness to pay taxes. One possible explanation for this negative relationship could be political campaign promises of providing these services for free. The data does not provide room for empirical analysis for this possible explanation.

Methodology

A sample of 3066 respondents was used for the study. All respondents were aged above 18 years and distributed evenly by gender. The focus was on the citizen satisfaction with public service delivery in a list of 16 sectors (i.e., education health, water, electricity, road maintenance) among others. A more detail for a list of 16 service sectors (See Table 1 & 2).



Results and Findings

Table 1 shows an association between willingness to pay taxes (WTP) and public services delivery

Table 1: Chi-square association of citizens WTP taxes and public services delivery

| Variable | A: Primary services | | | | Total | P - value |
|---|--------------------------|-------------------|----------------------|--------------|-------|-----------|
| | satisfied | somehow satisfied | somehow dissatisfied | dissatisfied | | |
| Willing to pay more taxes if improved services? | | | | | | |
| No (0) | 85 | 86 | 29 | 59 | 265 | 0.005 |
| Yes(1) | 1,177 | 722 | 238 | 625 | 2,794 | |
| | B: Secondary services | | | | | |
| No (0) | 72 | 87 | 33 | 61 | 265 | 0.007 |
| Yes(1) | 1,042 | 796 | 251 | 621 | 2,794 | |
| | C: Dispensary | | | | | |
| No (0) | 48 | 70 | 51 | 88 | 265 | 0.001 |
| Yes(1) | 584 | 624 | 324 | 1,187 | 2,794 | |
| | D: Health clinics | | | | | |
| No (0) | 40 | 52 | 63 | 97 | 265 | 0.000 |
| Yes(1) | 546 | 601 | 322 | 1,120 | 2,794 | |
| | E: District Hospital | | | | | |
| No (0) | 49 | 56 | 67 | 87 | 265 | 0.000 |
| Yes(1) | 604 | 684 | 373 | 1,080 | 2,794 | |
| | F: Water supply | | | | | |
| No (0) | 41 | 48 | 43 | 122 | 265 | 0.000 |
| Yes(1) | 612 | 442 | 262 | 1,418 | 2,794 | |
| | G: Road maintenance | | | | | |
| No (0) | 40 | 59 | 63 | 92 | 265 | 0.020 |
| Yes(1) | 509 | 660 | 440 | 1,087 | 2,794 | |
| | H: Agricultural services | | | | | |
| No (0) | 16 | 26 | 31 | 97 | 265 | 0.049 |
| Yes(1) | 214 | 275 | 230 | 869 | 2,794 | |

As shown in Table 1, service delivery were categorized as satisfied, somehow satisfied, somehow dissatisfied and dissatisfied. In terms of percentages, citizens were most dissatisfied with water supply (60.3%), followed by road maintenance (54.9%), health sector (53%), and agriculture extension services (40.1%). Similarly, respondents were most satisfied with public services delivery in primary and secondary education (66.5%), followed with electricity supply (55.4%). We grouped satisfied and somehow satisfied into “satisfaction” and “somehow dissatisfied and dissatisfied” into “dissatisfaction”.

Figure 1 shows an average citizens utility of 16 public services delivery (A full lists shown in Table 2). On average, 42.8% of citizens were satisfied with public services delivery and 41.2% were dissatisfied with public services delivery. Only 16.1% of citizens could not take a position.

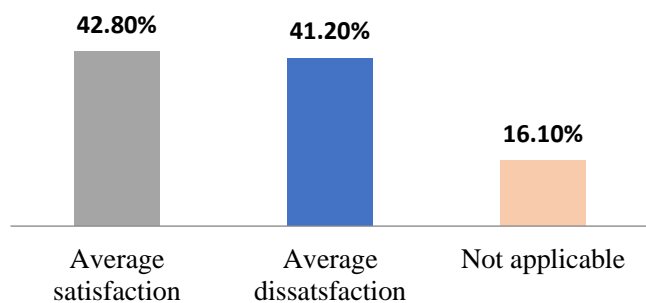


Figure 1: Average citizens' utility from public services delivery

Based on separate public services delivery within a list of 16 sectors examined, the majority of citizens were dissatisfied with 10 out of 16 public services (i.e., roads, agriculture extension, water supply, market places, bus stands,

public toilets, sewage collection, district hospitals, health clinics and dispensaries).



Correlation analysis was used to test the relationship between citizen's satisfaction on public services delivery and willingness to pay taxes. Correlation analysis measures the association between two variables (See Table 2). The Correlation coefficient ranges between -1 and +1 and quantify the direction and strength of the linear association between two variables. As shown in Table 2, the delivery of primary and secondary school services, health clinics and district hospital services, water supply and garbage collection had negative sign coefficient. These imply, an increase of one unit of citizen's satisfaction on these services was associated with a unit decrease in willingness to pay taxes.

The coefficients of primary and secondary schools' variables were statistically significant meaning that their probabilities are not different from zero. This means, a unit increase of citizen's satisfaction with primary and secondary schools' services were associated with a unit decrease of willingness to pay taxes. One of the possible reasons for the negative relationship might be due to promises set during election campaigns to provide free services to the society, without linking directly with the size of tax revenues.

Table 2: Correlation analysis

| Variables | Willingness to pay more taxes for improved public services | |
|-------------------------------------|--|-----------|
| | Coefficient | P - value |
| Citizens Satisfaction | | |
| Primary school service delivery | -0.036 | 0.04** |
| Secondary school service delivery | -0.045 | 0.01** |
| Dispensary service delivery | 0.016 | 0.37 |
| Health Clinic service delivery | -0.005 | 0.77 |
| District hospital service delivery | -0.010 | 0.57 |
| Water supply service delivery | -0.022 | 0.23 |
| Public toilets service delivery | 0.022 | 0.22 |
| Bus stand services | 0.397 | 0.00* |
| Market places service delivery | 0.315 | 0.00* |
| Road maintenance service delivery | 0.311 | 0.00* |
| Electricity supply service delivery | 0.301 | 0.00* |
| Law and order service delivery | 0.205 | 0.00* |
| Agricultural extension services | 0.113 | 0.00* |
| Satisfaction in street cleaning | 0.479 | 0.00* |
| Satisfaction in Garbage collection | -0.029 | 0.11 |
| Satisfaction in sewage | 0.540 | 0.00* |

Note: * Significance at 1% and ** significance at 5%

Policy Implication

The connection between citizens and government are the taxes they pay and the services they receive from the government. With the varying levels of citizens' satisfaction with the delivery of public services, public agencies should raise levels of citizen's satisfaction with services they provide, while at the time encouraging tax payments as major the source of government revenue used to finance public services . This is important because poor public services are the main reason for why people evade taxes (CMI, 2016). Therefore, efficient and effective delivery of public services are the main drivers to encourage citizens pay taxes.

References:

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The brief is an output from *Tanzania as a future petrostate: Prospects and challenges*, a five-year (2014-2019) institutional collaborative programme for research, capacity building, and policy dialogue. It is jointly implemented by REPOA and CMI, in collaboration with the National Bureau of Statistics. The programme is funded by the Norwegian Embassy, Dar es Salaam.



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