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Determinants of Domestic Revenue Mobilization Performance in the Somaliland Inland Revenue Department.

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Research Article

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Abstract.

Domestic revenue mobilization is essential for sustainable development because it strengthens governments' capacity to finance public services, support economic development, and reduce dependence on external financing. This study examined the effects of tax administration efficiency, technology adoption, and enforcement mechanisms on revenue mobilization performance in Somaliland, while assessing the mediating role of tax compliance. The study is directly relevant to Sustainable Development Goal (SDG) 17, particularly which emphasizes strengthening domestic resource mobilization and improving capacity for tax and other revenue collection, and SDG 16, which promotes effective, accountable, and transparent institutions. Grounded in the Technology Acceptance Model (TAM), Slippery Slope Framework (SSF), and Deterrence Theory, the study employed a quantitative cross-sectional design. Data were collected from 249 employees of the Somaliland Inland Revenue Department and analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM). The findings revealed that tax administration efficiency significantly influenced revenue mobilization performance ($\beta = 0.196$, $p < 0.001$) and tax compliance ($\beta = 0.374$, $p < 0.001$). Technology adoption also had significant positive effects on revenue mobilization performance ($\beta = 0.165$, $p = 0.003$) and tax compliance ($\beta = 0.294$, $p < 0.001$). Tax compliance was the strongest predictor of revenue mobilization performance ($\beta = 0.446$, $p < 0.001$) and significantly mediated the relationships between tax administration efficiency and revenue mobilization performance ($\beta = 0.167$, $p < 0.001$), and between technology adoption and revenue mobilization performance ($\beta = 0.131$, $p < 0.001$). However, enforcement mechanisms had no significant direct effect on revenue mobilization performance. These findings suggest that improving administrative efficiency, strengthening digital tax systems, and promoting tax compliance may help advance domestic resource mobilization and institutional effectiveness in Somaliland. The study contributes context-specific evidence on the institutional and behavioral mechanisms that can support progress toward SDG Targets 17and 16, while highlighting the importance of compliance-oriented and technology-enabled revenue administration in developing and post-conflict settings.

Keywords: Domestic Revenue Mobilization, Tax Administration Efficiency, Technology Adoption, Enforcement Mechanisms, Tax Compliance, Somaliland.

1. Introduction.

Strengthening domestic revenue mobilization has become a central policy objective for developing countries seeking to finance sustainable development while reducing dependence on external resources. International development frameworks, including the United Nations Sustainable Development Goals (SDGs), the Addis Ababa Action Agenda, and the African Union Agenda 2063, identify domestic taxation as a fundamental source of development finance and state-building rather than depending foreign aid (Essel, 2025; Awasthi & Engelschalk, 2018; Djeufack Dongmo et al., 2026; Benitez et al., 2023). Beyond its fiscal function, domestic revenue mobilization contributes to institutional development, government accountability, and the provision of essential public goods and services. Consequently, international organizations such as the World Bank, and the Organization for Economic Co-operation and Development (OECD) have consistently emphasized the need to strengthen tax systems and improve revenue collection capacity in developing economies (OECD, 2022; World bank 2022: World bank 2024).

Despite substantial reforms in tax administration across Africa, revenue performance remains below potential in many countries. While the average tax-to-GDP ratio in Africa increased from 14.4% in 2010 to 16.0% in 2020, it remains significantly lower than that observed in advanced economies (OECD, 2022). However, recent research increasingly argues that institutional and administrative capacities are equally important in explaining revenue outcomes, particularly in developing and fragile-state contexts. This shift reflects a broader recognition that the effectiveness of tax systems depends not only on economic fundamentals but also on the quality of tax administration and taxpayer engagement.

Tax administration effectiveness, technology adoption, and enforcement mechanisms, have received growing scholarly attention. Modern tax administrations increasingly rely on digital technologies to improve operational efficiency, reduce compliance costs, and strengthen transparency. Empirical evidence suggests that digital tax systems can enhance revenue collection by reducing administrative bottlenecks and limiting opportunities for tax evasion (Bellon et al., 2022; Akitoby et al., 2019; Gupta, 2007). Likewise, effective enforcement mechanisms increase the perceived probability of detection and sanction, thereby encouraging voluntary compliance.

The growing emphasis on taxpayer behavior has led scholars to recognize tax compliance as a critical mechanism linking administrative reforms to revenue outcomes. Drawing on the Slippery Slope Framework, tax compliance is influenced by both the power of tax authorities and taxpayers' trust in public institutions (Kirchler et al., 2008). Administrative reforms, technological innovations, and enforcement activities, may therefore affect revenue performance not only directly but also indirectly through their influence on taxpayer compliance. Nevertheless, the existing literature has largely examined these factors independently and has devoted limited attention to the behavioral pathways through which administrative reforms translate into improved revenue mobilization. As a result, the mediating role of tax compliance remains insufficiently understood, particularly in low-capacity and fragile-state environments.

According to the Ministry of finance and development in Somaliland (2023), government revenue is largely derived from taxes collected from domestic taxpayers to finance public services and development activities. Somaliland's limited access to international aid and concessional financing due to its unrecognized status increases on its dependence on domestic revenue mobilization. As a result, the government relies heavily on domestic revenue mobilization to fund public expenditure and maintain fiscal sustainability. Although Somaliland has implemented various tax administration reforms over the past decade, challenges related to administrative efficiency, technology utilization, enforcement effectiveness, and tax compliance continue to constrain revenue performance (Yusuf, 2025). Existing studies on domestic revenue mobilization have primarily focused on developed countries with relatively more developed tax systems, while empirical evidence from Somaliland remains scarce. Moreover, prior research has predominantly investigated direct relationships between administrative factors and revenue outcomes, providing limited insight into the mediating role of taxpayer compliance. This represents both a contextual and theoretical gap in the literature.

The present study examines the determinants of revenue mobilization performance in Somaliland Inland Revenue. Specifically, the study investigates the effects of tax administration effectiveness, technology adoption, enforcement mechanisms, and on revenue mobilization performance, while assessing the mediating role of taxpayer compliance. Methodologically, the study employs Partial Least Squares Structural Equation Modeling (PLS-SEM) to simultaneously estimate direct and indirect relationships among the study constructs. By doing so, the study contributes to the emerging literature on domestic revenue mobilization in developing and fragile-state contexts and provides evidence-based insights for policymakers seeking to strengthen fiscal capacity and improve revenue performance. The remainder of this paper is organized as follows. The next section reviews the relevant literature and develops the study hypotheses. The subsequent section presents the research methodology, followed by the empirical results

and discussion. The final section concludes the study and outlines policy implications, limitations, and directions for future research.

2- Literature review.

2.1 Concept of Domestic revenue mobilization.

Revenue mobilization refers to the process through which governments generate financial resources, primarily from domestic sources such as taxes, fees, and other public revenues, to finance public expenditures and support economic development. The concept is commonly defined as the capacity of a government to raise adequate and sustainable revenues through effective tax policies and efficient revenue administration systems (World Bank, 2022; Bird & Zolt, 2008). Revenue mobilization encompasses not only the collection of taxes but also the institutional, administrative, and policy mechanisms that enhance revenue generation and ensure fiscal sustainability (Dordevic & Maftei, 2022; Moore, 2014).

Several scholars emphasize that revenue mobilization reflects a government's ability to exploit its revenue potential by broadening the tax base, improving tax administration, and increasing taxpayer compliance (Magumba et al., 2026; Tumoro & Pandya, 2025). According to Ackom et al., (2025), revenue mobilization involves strengthening administrative systems and governance structures to improve tax collection efficiency. Similarly, (IMF, 2019) define revenue mobilization as a combination of tax policy effectiveness and administrative capacity that enables governments to collect revenues efficiently and equitably. More recent studies highlight the role of digitalization, institutional quality, and taxpayer management systems in enhancing revenue mobilization performance (Tumoro & Pandya, 2025). Scholars further emphasize that effective revenue mobilization involves broadening the tax base, improving tax administration, strengthening taxpayer compliance, and leveraging digital technologies to increase efficiency and transparency (Ackom et al., 2025; Jemiluyi & Jeke, 2023; Akitoby et al., 2020; Bekoe et al., 2016) . From a broader perspective, revenue mobilization is viewed as a critical indicator of state capacity and fiscal independence. It represents the government's ability to secure sufficient financial resources to provide public goods and services while reducing dependence on external aid and borrowing (Gupta & Tareq, 2008; Mullins et al., 2003; Tolossa et al., 2024; Jemiluyi & Jeke, 2023). Hence, revenue mobilization can be summarized as the government's capability to effectively and sustainably generate, administer, and collect public revenues through sound tax policies, efficient administrative systems, and enhanced taxpayer compliance to support national development objectives.

2.2 Theoretical literature review

This study is primarily grounded in the Slippery Slope Framework (SSF) developed by (Kirchler et al., 2008), which posits that taxpayer compliance is determined by two fundamental dimensions: trust in tax authorities and the power of tax authorities. The theory argues that effective tax administration, transparent procedures, quality taxpayer services, and fair treatment enhance voluntary compliance, while strong enforcement mechanisms increase enforced compliance. According to the framework, higher levels of taxpayer compliance ultimately improve tax collection and revenue performance (Kirchler et al., 2008; Gangl et al., 2015).

In the context of this study, tax administration effectiveness is expected to strengthen taxpayers' trust and engagement with the tax system, thereby enhancing compliance and improving revenue mobilization performance. The study also draws on Deterrence Theory, originally proposed by

Becker, (1968) and extended to taxation by Allingham & Sandmo, (1972). Deterrence Theory suggests that taxpayers make compliance decisions by weighing the benefits of tax evasion against the potential costs associated with detection, audits, and penalties. When enforcement mechanisms are strong and the probability of detection is high, taxpayers are more likely to comply with tax regulations (Alm, 2019; Allingham & Sandmo, 1972). Therefore, effective enforcement mechanisms serve as an important instrument for reducing tax evasion and increasing compliance levels, which in turn contributes to higher revenue mobilization performance.

Furthermore, the study incorporates the Technology Acceptance Model (TAM) developed by Davis, (1989) which explains how the adoption and use of technology are influenced by perceived usefulness and perceived ease of use. The model suggests that taxpayers are more likely to embrace digital tax systems when they perceive them as efficient, accessible, and beneficial. Recent studies indicate that digitalization enhances tax administration efficiency, reduces compliance costs, improves transparency, and strengthens taxpayer compliance (Davis, 1989; Bellon et al., 2022; Mascagni et al., 2021). By integrating the Slippery Slope Framework, Deterrence Theory, and Technology Acceptance Model, this study provides a comprehensive theoretical explanation of how tax administration effectiveness, technology adoption, and enforcement mechanisms influence revenue mobilization performance through the mediating role of taxpayer compliance.

2.3. Hypothesis Development

2.3.1 Tax Administration Efficiency and Revenue Mobilization

Tax administration efficiency is widely recognized as a critical determinant of revenue mobilization performance. Efficiency of tax administration improves tax assessment, collection, taxpayer services, and monitoring mechanisms, thereby enhancing governments' ability to generate sufficient revenue. Bird, (2015) argues that efficiency tax administration is essential for mobilizing fiscal resources and strengthening state capacity because revenue generation largely depends on the efficiency of tax administration systems. Similarly, Shagari, (2014) found that administrative autonomy, information and communication technology (ICT), and public awareness significantly improve tax administration efficiency, which in turn enhances revenue generation and reduce the corruption. Jun, (2018) further emphasized that a sound tax administration system is indispensable for the successful implementation of tax laws and revenue collection. Beyond its direct effect on revenue collection, effective tax administration also promotes taxpayer compliance. Tax administrations that provide quality services, transparent procedures, efficient enforcement mechanisms, and taxpayer education programs are more likely to encourage voluntary compliance. Savić et al., (2015) contend that the fundamental role of tax administration is to facilitate compliance and combat tax evasion, noting that successful tax administration should be reflected in higher compliance rates and lower tax evasion levels. Likewise, Idrus, (2024) found that efficient tax administration significantly contributes to taxpayer compliance through robust legal frameworks, technological innovation, and effective human resource management. In support of this view, Azeez et al., (2025) reported that information technology improves transparency, facilitates tax monitoring, and enhances taxpayer compliance while reducing tax evasion opportunities.

Taxpayer compliance is a key determinant of revenue mobilization performance because it increases tax collections, broadens the tax base, and reduces tax evasion (Bird, 2015; Savić et al., 2015; Idrus, 2024). The literature suggests that efficient tax administration enhances taxpayer compliance by improving transparency, fairness, accountability, service quality, and trust in tax authorities (Manyanga et al., 2025;

Tumoro & Pandya, 2025). Studies further indicate that taxpayers are more likely to comply when they perceive tax systems as fair and when governments effectively utilize tax revenues for public welfare (Mebratu, 2024). Conversely, weak administration, corruption, and lack of trust discourage compliance and undermine revenue collection (Inegbedion, 2025) . Empirical evidence consistently demonstrates a positive relationship between tax administration effectiveness and taxpayer compliance, which subsequently contributes to improved revenue mobilization performance (Magumba, Kintu, Tusubira, et al., 2026). Therefore, taxpayer compliance serves as a critical mechanism through which effective tax administration enhances revenue mobilization performance. Based on the foregoing theoretical and empirical evidence, the following hypotheses are proposed:

H1: Tax Administration efficiency has a significant positive effect on Revenue Mobilization Performance.

H1a: Tax Administration efficiency has a significant positive effect on Taxpayer Compliance.

H1b: Taxpayer Compliance has a significant positive effect on Revenue Mobilization Performance.

H1c: Taxpayer Compliance significantly mediates the relationship between Tax Administration efficiency and Revenue Mobilization Performance.

2.3.2 Technology Adoption and Revenue Mobilization.

Technology adoption has become a critical driver of revenue mobilization efficiency in the public sector. The increasing deployment of Information and Communication Technologies (ICTs), electronic tax filing systems, digital payment platforms, e-invoicing systems, data analytics, and integrated taxpayer information systems has transformed tax administration in both developed and developing economies(Bellon, et al., 2022). According to the Technology Acceptance Model (TAM), individuals are more likely to adopt technological systems when they perceive them as useful and easy to use (Davis, 1989). In the taxation context, technology adoption simplifies tax procedures, enhances access to tax services, improves transparency, and increases the efficiency of revenue administration. Recent empirical studies provide substantial evidence regarding the positive contribution of technology adoption to revenue mobilization(Dzulfian Syafrian, 2025; Agyei-Ababio et al., 2023; Agyei-Holmes et al., 2022; Ababio et al., 2023; Abubakari et al., 2024). Saptono et al., (2023) and IMF, (2019) found that the implementation of electronic invoicing systems significantly increases tax compliance and value-added tax (VAT) collections by reducing opportunities for underreporting and tax evasion. Similarly, (Okunogbe & Santoro, 2023) reported that digital tax administration systems improve revenue performance through enhanced efficiency, transparency, and taxpayer monitoring. In a study of Southern African Development Community (SADC) countries Jemiluyi & Jeke, (2023) found that ICT development exerts a significant positive effect on tax revenue mobilization by improving administrative efficiency and facilitating digital tax processes. Likewise, Amaglobeli, (2023) argued that digital transformation in tax administration enhances revenue collection through improved information management, automation, and real-time transaction monitoring.

Beyond its direct impact on revenue mobilization, technology adoption is also expected to improve taxpayer compliance. Digital tax systems reduce compliance costs, simplify filing procedures, facilitate electronic payments, and improve access to tax-related information and support services. Consequently, taxpayers are more likely to fulfill their tax obligations when tax processes become convenient, transparent, and user-friendly. Empirical studies demonstrate that digitalization strengthens tax compliance by reducing information asymmetry and increasing the likelihood of detecting tax evasion. Mascagni et al., (2021)found that ICT-enabled interventions significantly improved taxpayer compliance

among businesses in Ethiopia. Similarly, (Uyar et al., 2021)reported that digital government services reduce tax evasion and strengthen voluntary tax compliance across developing countries. Li et al. (2020) further demonstrated that technology-based tax monitoring systems improved tax reporting accuracy and increased compliance among firms. Bellon et al., (2022) and Abubakari et al. (2024) concluded that digital tax administration systems enhance transparency, accountability, and operational efficiency, thereby encouraging greater taxpayer compliance.

Furthermore, recent evidence suggests that taxpayer compliance serves as a key mechanism through which technology adoption improves revenue mobilization performance. Digital technologies facilitate better record management, improve taxpayer registration, strengthen audit capabilities, and support effective enforcement activities. As compliance levels increase, governments are better positioned to expand the tax base, reduce revenue leakages, and improve overall revenue collection performance. Therefore, taxpayer compliance is expected to mediate the relationship between technology adoption and revenue mobilization performance.

Based on the Technology Acceptance Model and recent empirical evidence, the following hypotheses are proposed:

H2: Technology Adoption has a significant positive effect on Revenue Mobilization Performance.

H2a: Technology Adoption has a significant positive effect on Taxpayer Compliance.

H2b: Taxpayer Compliance has a significant positive effect on Revenue Mobilization Performance.

H2c: Tax payer Compliance significantly mediates the relationship between technology adoption and revenue mobilization performance

2.3.3 Enforcement Mechanisms and Revenue Mobilization Performance

Enforcement mechanisms are an essential component of tax administration that enhance revenue mobilization performance. They include tax audits, inspections, penalties, legal sanctions, debt recovery procedures, and compliance monitoring systems aimed at ensuring adherence to tax laws. According to Deterrence Theory, taxpayers are more likely to comply with tax obligations when the probability of detection and punishment for non-compliance increases (Becker, 1968; Allingham & Sandmo, 1972). Effective enforcement mechanisms enable tax authorities to detect tax evasion, identify non-compliant taxpayers, reduce revenue leakages, and improve tax collection efficiency, thereby strengthening overall revenue performance. Empirical evidence consistently demonstrates the positive contribution of enforcement mechanisms to revenue mobilization and taxpayer compliance. Alm, (2019) argues that effective enforcement strategies reduce tax evasion and improve tax collection outcomes, while (Mascagni et al., 2021) identify enforcement capacity as a key determinant of tax performance in developing countries. Similarly, Okunogbe & Pouliquen, (2018), and IMF, (2019) emphasize that enhanced audits, inspections, and compliance monitoring systems improve taxpayer accountability and domestic revenue collection. Pumulo & Yohane, (2025) further found that audits, penalties, and compliance monitoring positively influence taxpayer compliance and revenue collection in Zambia, although the effectiveness of enforcement may be constrained by complex tax laws and inadequate taxpayer education.

Beyond its direct effect on revenue mobilization, enforcement mechanisms play a crucial role in promoting taxpayer compliance. Strong enforcement measures increase the perceived risk of detection and punishment, thereby discouraging tax evasion and encouraging compliance (Alm, 2019; Gangl et al.,

2015; Magumba et al., 2026; Tumoro & Pandya, 2025). Gupta & Tareq, (2008) found that stricter enforcement mechanisms, effective tax audits, and regular inspections strengthen taxpayer compliance and improve domestic revenue performance. Likewise, Jun, (2018) argued that enhanced tax administration and enforcement capacity improve taxpayer compliance and revenue mobilization. Recent studies also highlight the importance of complementary factors such as information technology, governance quality, fairness, and trust in strengthening enforcement effectiveness. Similarly, Bird, (2015) and Mwanzia et al. (2025) argue that the effectiveness of enforcement measures depends on taxpayers' perceptions of fairness, trust, and the legitimacy of tax institutions. Dordevic & Maftei, (2022) further emphasize that consistent application of tax laws is essential for enhancing taxpayer compliance and improving revenue collection performance. Furthermore, enforcement mechanisms influence revenue mobilization indirectly through taxpayer compliance. Effective audits, inspections, penalties, and monitoring systems encourage taxpayers to comply with tax regulations, leading to higher tax collections and improved revenue performance. Consequently, taxpayer compliance is expected to serve as a mediating mechanism through which enforcement mechanisms enhance revenue mobilization performance.

Based on the theoretical and empirical evidence, the following hypotheses are proposed:

H3: Enforcement Mechanisms have a significant positive effect on Revenue Mobilization Performance.

H3a: Enforcement Mechanisms have a significant positive effect on Taxpayer Compliance.

H3b: Taxpayer Compliance has a significant positive effect on Revenue Mobilization Performance.

H3c: Tax payer compliance significantly mediates the relationship between enforcement mechanisms and revenue mobilization.

2.4 Conceptual Framework.

As shown in Figure 1, the conceptual framework of the study identifies Revenue Mobilization Performance as the dependent variable. The study examines the influence of three independent variables, namely Tax Administration Efficiency**,** Technology Adoption**,** and Enforcement Mechanisms, on revenue mobilization performance. In addition, Tax Compliance is incorporated as a mediating variable to explain the indirect relationship between the independent variables and revenue mobilization performance. The framework assumes that improvements in tax administration efficiency, technology adoption, and enforcement mechanisms enhance taxpayer compliance, which subsequently contributes to improved revenue mobilization performance.

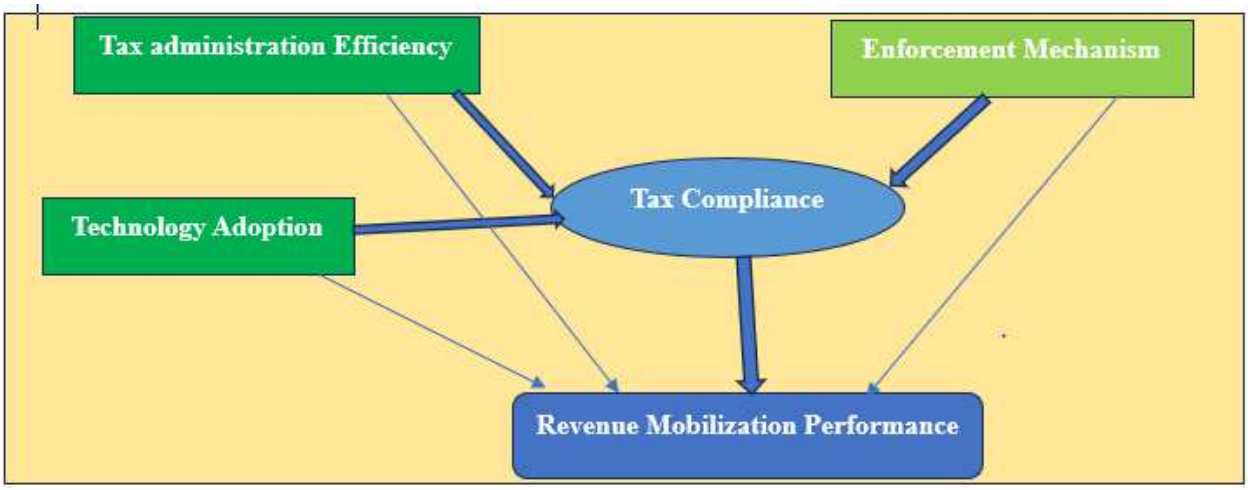


Figure 1. Conceptual Framework of the Study showing the direct effects of Enforcement Mechanisms, Tax Administration Efficiency, and Technology Adoption on Revenue Mobilization Performance, and the indirect effects through Tax Compliance as a mediating variable. Authors Developed 2026.

3- Methodology.

3.1 Research Philosophy, Approach, and Design.

This study adopts a positivist research philosophy**,** a quantitative research approach, and a cross-sectional explanatory research design. The positivist philosophy is appropriate because it assumes that social phenomena can be objectively measured and analyzed through empirical observation and statistical techniques(Saunders et al., 2023; Creswell & Creswell, 2018). Consistent with this philosophy, the study seeks to objectively examine the relationships among tax administration efficiency, technology adoption, enforcement mechanisms, tax compliance, and revenue mobilization performance using quantitative data collected from Somaliland Inland Revenue employees. The study further employs a quantitative research approach, whereby hypotheses are derived from established theories and tested using empirical evidence. Specifically, the study draws upon the Technology Acceptance Model (TAM) (Davis, 1989), Deterrence Theory (Allingham & Sandmo, 1972; Becker, 1968), and the Slippery Slope Framework (Kirchler et al., 2008) to explain the relationships among the study variables.

The deductive approach is appropriate because it enables the researcher to validate theoretical assumptions and assess the applicability of these theories within the context of revenue mobilization in Somaliland. Furthermore, a cross-sectional explanatory research design is adopted because data was collected from respondents at a single point in time to examine both direct and indirect relationships among the study variables (Sekaran & Bougie, 2020). Explanatory research designs are widely used in behavioral and organizational studies to investigate causal relationships and test theoretical models (Hair & Alamer, 2022). Therefore, the chosen design is suitable for assessing the mediating role of tax compliance in the relationships between tax administration efficiency, technology adoption, enforcement mechanisms, and revenue mobilization performance.

3.2 Location of the study.

The study was conducted in Somaliland, covering all regions where offices of the Ministry of Finance are located. Since Somaliland does not have an independent Inland Revenue Authority, revenue administration functions are carried out under the Ministry of Finance and Development. Consequently, employees working in revenue-related departments across all regional offices of the Ministry constituted the study population. Somaliland is a self-governing territory located in the Horn of Africa. It is bordered by Djibouti to the northwest, Ethiopia to the west and south, Somalia to the east, and the Gulf of Aden to the north. The territory covers approximately 176,120 square kilometers and has an estimated population of over six million people. Since restoring its self-governance in 1991, Somaliland has maintained relative peace, political stability, and democratic governance, making it one of the more stable territories in the region.

Despite these achievements, Somaliland continues to face significant fiscal and developmental challenges, including limited international recognition, restricted access to external financing, and a heavy reliance on domestic revenue sources to fund public services and government operations. The economy is primarily driven by livestock exports, trade, remittances from the diaspora, telecommunications, and small-scale commercial activities. Livestock remains the backbone of the economy, accounting for a substantial share of export earnings, particularly through trade with Gulf countries. Given the increasing demand for public services, infrastructure development, and sustainable fiscal management, strengthening domestic revenue mobilization has become a strategic priority for the Somaliland government. Therefore, Somaliland provides an appropriate and relevant context for examining the determinants of revenue mobilization performance.

3.3 Target population of the study and Sampling Size.

According to Schoch (2020), case studies often employ relatively small sample sizes due to practical constraints, including limited resources, time considerations, and the restricted availability of participants who possess the specific knowledge and experience required to provide relevant information. Consequently, researchers prioritize the selection of information-rich participants who can offer in-depth insights into the phenomenon under investigation rather than relying on large samples. The target population of this study comprised 980 employees of the Ministry of Finance Development in Somaliland particularly department of Inland revenue, who were officially registered in the government payroll system. The population included both permanent and temporary staff working within the Somaliland Inland Revenue Department. These employees were considered appropriate respondents because they possess relevant knowledge and experience regarding tax administration, technology adoption, enforcement mechanisms, taxpayer compliance, and revenue mobilization activities. Therefore, all 980 employees constituted the target population from which the study sample was drawn. The study has used Yamane's (1967) formula to determine the sample size

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

$$n = \frac{980}{1+980(0.05)^2}$$

$$n = 284$$

The sample size for this study was determined using Yamane's formula. Based on the target population of 980 employees of the Somaliland Inland Revenue Department, a sample size of 284 respondents was obtained. In the formula, n represents the required sample size, N denotes the target population, and *e*

represents the acceptable margin of error. The calculated sample was considered adequate to provide a representative view of the target population and to ensure the reliability and validity of the study findings.

3.4 Ethical Statement.

Ethical approval for this study was obtained from the Postgraduate Studies and Research Ethics Committee of the University of Burao (Reference No. UoB/SPGSR/18/2026). The study was conducted in accordance with established ethical principles and academic research standards. Prior to data collection, all participants were informed about the purpose and objectives of the study, and their voluntary informed consent was obtained. Respondents were assured that participation was entirely voluntary and that they could withdraw from the study at any stage without any consequences. To protect participants' privacy, confidentiality and anonymity were strictly maintained throughout the research process. No personal identifiers were collected or disclosed, and all data were used solely for academic purposes and stored securely. Furthermore, the study ensured that participants were not exposed to any physical, psychological, social, or economic harm. The research was conducted with integrity, transparency, and respect for participants' rights in accordance with the ethical guidelines of the University of Burao.

3.5 Pilot Study and Instrument Refinement

Prior to the main data collection, a pilot study was conducted involving 13 respondents drawn from the staff and officers of the Somaliland Inland Revenue Department under the Ministry of Finance. The purpose of the pilot study was to assess the clarity, reliability, and validity of the questionnaire and to identify any potential issues with the measurement items before administering the final survey. The pilot study results indicated that one indicator under the Technology Adoption construct exhibited low reliability and high multicollinearity and was therefore removed from the questionnaire. Additionally, two indicators under the Tax Compliance construct were excluded because they did not meet the required reliability and validity criteria. The removal of these items improved the internal consistency, construct validity, and overall quality of the measurement model. Consequently, the revised questionnaire was retained for the main data collection to ensure more reliable and valid results while minimizing potential measurement bias. The data collection has started 18 January 2026 and 26 March 2026. Data analysis was starting April 2026 and May 2026.

3.6 Common Method Bias.

Since the study collected data from a single source using a self-administered questionnaire, the potential risk of common method bias (CMB) was assessed. Several procedural remedies were implemented to minimize this risk. Respondents were assured of anonymity and confidentiality to reduce evaluation apprehension and social desirability bias. In addition, the questionnaire items were carefully designed using clear and simple language to minimize ambiguity, and separate sections were used to distinguish the measurement of independent, mediating, and dependent variables. To statistically assess common method bias, the full collinearity assessment approach proposed by Kock (2015) was employed. According to Kock (2015), Variance Inflation Factor (VIF) values below the threshold of 3.3 indicate that common method bias is unlikely to be a serious concern. As presented in Table 7, all VIF values ranged from 1.018 to 1.335, which are substantially below the recommended threshold. Therefore, the results suggest that common method bias did not significantly affect the study findings.

3.7 Data Analysis and Techniques.

Both STATA 17 and Smart-PLS 4 were utilized for data analysis. Initially, the collected data were coded, cleaned, and analyzed in STATA 17 to generate descriptive statistics, including frequencies, percentages, means, and standard deviations. These analyses summarized respondents' demographic characteristics and provided an overview of the study variables.

Partial Least Squares Structural Equation Modeling (PLS-SEM) was carried out using Smart-PLS 4 to analyze the interrelationships among the key variables and to fulfill the study's research objectives. PLS-SEM was chosen because it is well-suited for evaluating both direct and indirect effects among latent constructs, such as tax administration efficiency, technology adoption, enforcement mechanisms, tax compliance, and revenue mobilization performance. Moreover, PLS-SEM is particularly appropriate for research focused on prediction, mediation analysis, and the handling of complex models with multiple constructs and indicators (Hair et al., 2022).

The analysis followed a two-stage approach. In the first stage, the measurement model was evaluated to ensure reliability and validity, utilizing indicator loadings, Cronbach's alpha, composite reliability (CR), average variance extracted (AVE), and checks for discriminant validity. In the second stage, the structural model was examined by analyzing path coefficients (β), the coefficient of determination (R^2), effect size (f^2), and predictive relevance (Q^2). Additionally, bootstrapping with 5,000 resamples was employed to test the research hypotheses and assess mediation effects.

3.8 Operationalization of the Variables in the study.

The study examined five key constructs, namely tax administration efficiency, technology adoption, enforcement mechanisms, tax compliance, and revenue mobilization performance. Tax Administration Efficiency (TAE) was conceptualized as the extent to which the tax authority effectively administers tax policies, provides quality services, processes tax-related matters efficiently, and manages revenue collection activities. This construct was measured through dimensions timely and efficient administrative procedures, effective revenue collection processes, prompt delivery of taxpayer services, strong coordination among revenue administration departments, efficient utilization of administrative resources, and effective implementation of revenue policies, drawing on the works of (Magumba, Kintu, & Tusubira, 2026; Bird, 2015; Jun, 2018; Manyanga et al., 2025).

Technology Adoption (TA) was defined as the extent to which digital technologies, electronic tax systems, and information and communication technology (ICT) tools are utilized in tax administration and revenue collection processes. The construct was measured using dimensions including electronic filing systems, digital payment platforms, ICT infrastructure, information accessibility, and system utilization, based on Abubakari et al., (2024) Davis, (1989), Magumba, Kintu, & Tusubira, (2026). Enforcement Mechanisms (EM) referred to the effectiveness of audits, inspections, penalties, investigations, and compliance monitoring systems in ensuring adherence to tax regulations. The dimensions included tax audits, penalties, inspections, monitoring activities, and legal enforcement procedures, as suggested by Alm, (2019), Pumulo & Yohane, (2025), Gangl et al., (2015), Yefimenko, (2016), Prowd & Kollie, (2005), Manyan (et al., 2025) and Mwanzia et al., (2025).

Tax Compliance (TC) was operationalized as the perceived level of taxpayers' adherence to tax laws and regulations, as assessed by Inland Revenue employees. Specifically, the construct captures staff perceptions regarding taxpayers' timely filing of tax returns, accurate reporting of taxable income, prompt payment of tax liabilities, and overall willingness to comply voluntarily with tax obligations. Given that Inland Revenue staff are responsible for monitoring and

enforcing tax compliance, their assessments provide valuable insights into the overall compliance behavior of taxpayers, following (Magumba, Kintu, & Tusubira, 2026; Kirchler et al. 2008; Gangl et al. 2015; OECD, 2021). Finally, Revenue Mobilization Performance (RMP) served as the dependent variable and was defined as the effectiveness of the Inland Revenue Department in generating, collecting, and managing tax revenues to achieve government revenue objectives. This construct was measured using dimensions such as revenue growth, collection efficiency, tax target achievement, reduction of revenue leakages, and tax base expansion, drawing on Magumba, Kintu, & Tusubira, (2026), Essel, (2025) and Abubakari et al., (2024).

3.9 Respondent.

A total of 284 questionnaires were distributed to the selected respondents. Of these, 249 questionnaires were completed and deemed suitable for analysis, resulting in a response rate of 87.68%**.** The remaining questionnaires were excluded due to non-response or incomplete responses, where participants answered only part of the questionnaire and left substantial sections unanswered. According to survey research standards, a response rate of 87.68% is considered highly satisfactory and sufficient to ensure the reliability and representativeness of the study findings.

4- Results and Discussion.

4.1 Respondents Profile

The study has collected in the profile of the participants include their gender, age, work experience and education level, Table 1 presents the demographic profile of the respondents drawn from the Somaliland Inland Revenue Department. The results indicate that the workforce is predominantly male, with 222 respondents (89.16%) being male and only 27 respondents (10.84%) being female. This substantial gender imbalance suggests that revenue administration in Somaliland remains largely male-dominated, reflecting broader labor market patterns within public sector institutions. The low representation of female employees highlights the need for greater gender inclusivity and diversity in revenue administration. With respect to age distribution, the majority of respondents were between 26 and 35 years old**,** accounting for 121 respondents (48.59%), followed by those aged 36–45 years with 78 respondents (31.33%). Respondents aged 46 years and above constituted 17.67%, while only 2.41% were aged between 18 and 25 years. These findings suggest that the Inland Revenue Department is characterized by a relatively young and productive workforce. The dominance of employees within the economically active age groups indicates the availability of human resources capable of adapting to modern tax administration practices and technological innovations.

The findings indicate that most employees of the Somaliland Inland Revenue Department have accumulated meaningful professional experience. Nearly four out of every ten respondents (38.15%) had between one and three years of experience, while 30.52% had served for more than six years. Furthermore, 24.50% had four to six years of experience, and only a small proportion (6.83%) had less than one year of service. This suggests that the majority of employees are familiar with the operational realities of revenue administration and possess sufficient practical knowledge to provide informed opinions on tax administration efficiency, technology adoption,

enforcement mechanisms, tax compliance, and revenue mobilization performance. The educational background of respondents further demonstrates the strong human capital within the department.

More than half of the employees (58.63%) held a Master's degree, while 35.74% possessed a Bachelor's degree. Only 5.62% had secondary-level education, and none reported primary or doctoral qualifications. This educational profile reflects a workforce that is well equipped with the academic knowledge and analytical skills required to perform complex tax administration functions. A highly educated workforce is also more likely to embrace technological innovations, adapt to administrative reforms, and effectively implement revenue collection strategies. Taken together, the demographic results portray the Somaliland Inland Revenue Department as an institution staffed by a relatively young, experienced, and highly educated workforce. These characteristics are encouraging because they suggest the department has the human resource capacity needed to support modernization efforts, strengthen tax administration, improve taxpayer compliance, and enhance overall revenue mobilization performance.

Table 1: Profile of the Respondents.

Descriptive	Freq	Percentage
Gender		
Male	222	89.16
Female	27	10.84
Age		
18-25	6	2.41
26-35	121	48.59
36-45	78	31.33
46 and above	44	17.67
years of experience		
less Than one Year	17	6.83
1-3 years	95	38.15
4-6 years	61	24.5
above 6 years	76	30.52
Educational Level		
Non-education	0	0
Primary	0	0
Secondary	14	5.62
Degree	89	35.74
Master	146	58.63
PhD	0	0

4.2 Measurement Model.

Following the recommendations of Sarstedt et al. (2014) and Leguina (2015), the measurement model was evaluated to ensure the reliability and validity of the study constructs. Reliability was assessed using Cronbach's Alpha and Composite Reliability (CR) coefficients to determine the

internal consistency of the measurement items. Furthermore, the validity of the constructs was examined through convergent validity, assessed using the Average Variance Extracted (AVE)**,** and discriminant validity, assessed using the Fornell–Larcker criterion**,** cross-loadings, and the Heterotrait–Monotrait Ratio (HTMT)**.** All measurement model assessments were conducted using the PLS algorithm in SmartPLS.

4.2.1 Factor loading and Reliability.

Table 2 presents the factor loadings, Cronbach's alpha, and Composite Reliability (rho_a) values for all study constructs, namely Technology Adoption (TA), Tax Administration Efficiency (TAE), Revenue Mobilization Performance (RMP), Tax Compliance (TC), and Enforcement Mechanisms (EM). The results indicate that all indicator loadings exceeded the recommended threshold of 0.60, ranging from 0.707 to 0.921, demonstrating satisfactory indicator reliability. According to Hair et al. (2020), indicator loadings above 0.60 are considered acceptable and indicate that the measurement items adequately represent their respective constructs.

Furthermore, the Cronbach's alpha values ranged from 0.892 to 0.951, with values of 0.939 for Technology Adoption, 0.951 for Tax Administration Efficiency, 0.939 for Revenue Mobilization Performance, 0.912 for Tax Compliance, and 0.892 for Enforcement Mechanisms. Similarly, the Composite Reliability (rho_a) values ranged from 0.913 to 0.951, exceeding the recommended threshold of 0.70 (Hair et al., 2020). These findings confirm a high level of internal consistency and reliability among the measurement items. Therefore, all constructs demonstrated satisfactory reliability and were retained for subsequent validity assessment and structural model analysis.

Table 2: Factor Loading and Reliability.

Construct	Items	Factor loading	Cronpach alpha	Composite reliability (rho_a)
Enforcement mechanism	EM1	0.707	0.892	0.925
	EM2	0.901		
	EM3	0.811		
	EM4	0.853		
	EM5	0.813		
Revenue Mobilization performance	RMP1	0.881	0.939	0.940
	RMP2	0.906		
	RMP3	0.888		
	RMP4	0.904		
	RMP5	0.907		
Technology adoption	TA1	0.900	0.939	0.948
	TA2	0.879		
	TA3	0.910		
	TA4	0.884		
	TA5	0.906		
Tax administration efficiency	TAE1	0.921	0.951	0.951
	TAE2	0.876		

	TAE3	0.899		
	TAE4	0.901		
	TAE5	0.889		
	TAE6	0.887		
Tax compliance	TC1	0.891	0.912	0.913
	TC2	0.877		
	TC3	0.909		
	TC4	0.880		

4.2.2 Convergent Validity Test.

Table 3 presents the results of the convergent validity assessment using the Average Variance Extracted (AVE) criterion. Convergent validity evaluates the extent to which indicators of a construct share a high proportion of common variance. According to Hair et al. (2020), an AVE value of 0.50 or greater indicates that a construct explains more than half of the variance of its indicators, thereby demonstrating adequate convergent validity. Henseler et al. (2015) further emphasize that establishing convergent validity is essential to ensure that indicators adequately represent their underlying latent construct. The results reveal that all constructs exceeded the recommended AVE threshold of 0.50, with values ranging from 0.672 to 0.805. Specifically, the AVE values were 0.672 for Enforcement Mechanisms (EM), 0.805 for Revenue Mobilization Performance (RMP), 0.803 for Technology Adoption (TA), 0.802 for Tax Administration Efficiency (TAE), and 0.790 for Tax Compliance (TC). These values indicate that the indicators associated with each construct share a substantial proportion of variance and adequately capture their respective latent variables. Therefore, based on the criteria suggested by Hair et al. (2020) and Henseler et al. (2015), all constructs demonstrated satisfactory convergent validity and were retained for further discriminant validity and structural model assessment.

Table 3; Convergent validity.

Items	Average variance extracted (AVE)
EM	0.672
RMP	0.805
TA	0.803
TAE	0.802
TC	0.790

4.2.3 Discriminant Validity.

Table 4 presents the HTMT results used to assess discriminant validity among the study constructs. According to Henseler et al. (2015), HTMT values below 0.85 indicate adequate discriminant validity. The results show that all HTMT values ranged from 0.065 to 0.625, which are well below the recommended threshold. The highest value was observed between Tax Compliance (TC) and Revenue Mobilization Performance (RMP) (0.625), while the remaining

values were considerably lower. These findings confirm that all constructs are empirically distinct from one another and demonstrate satisfactory discriminant validity.

Tables 5 and 6 present the results of the discriminant validity assessment using the Fornell–Larcker criterion and cross-loadings. According to Fornell and Larcker (1981), discriminant validity is established when the square root of the AVE for each construct exceeds its correlations with other constructs. As shown in Table 5, the diagonal values representing the square roots of AVE for Enforcement Mechanisms (0.819), Revenue Mobilization Performance (0.897), Technology Adoption (0.896), Tax Administration Efficiency (0.896), and Tax Compliance (0.889) were all greater than their corresponding inter-construct correlations. These findings confirm that each construct shares more variance with its own indicators than with other constructs.

The cross-loading results presented in Table 6 further support discriminant validity. The findings indicate that all measurement items loaded more strongly on their respective constructs than on any other construct. For example, the indicators of Enforcement Mechanisms loaded highest on the Enforcement Mechanisms construct, while the indicators of Revenue Mobilization Performance, Technology Adoption, Tax Administration Efficiency, and Tax Compliance similarly exhibited their highest loadings on their intended constructs. This demonstrates that the indicators adequately represent their designated latent variables.

As whole, the results from both the Fornell–Larcker criterion and cross-loading analysis provide strong evidence of discriminant validity. Therefore, the study concludes that the constructs are empirically distinct and measure separate conceptual dimensions, supporting the adequacy of the measurement model for subsequent structural model analysis.

Table 4: Heterotrait-Monotrait ratio.

HTMT	Em	RMP	TA	TAE	TC
EM					
RMP	0.068				
TA	0.098	0.347			
TAE	0.120	0.408	0.135		
TC	0.065	0.625	0.361	0.438	

Table 5: Fornel larcker criterion.

	EM	RMP	TA	TAE	TC
EM	0.819				
RMP	0.071	0.897			
TA	-0.089	0.331	0.896		
TAE	-0.108	0.387	0.132	0.896	

TC	-0.023	0.579	0.339	0.408	0.889

Table 6: Cross Loading.

	EM	RMP	TA	TAE	TC
EM1	**0.707**	-0.027	-0.048	-0.104	-0.058
EM2	**0.901**	0.085	-0.081	-0.122	-0.011
EM3	**0.811**	0.036	-0.022	-0.077	-0.034
EM4	**0.853**	0.061	-0.072	-0.063	0.002
EM5	**0.813**	0.017	-0.134	-0.098	-0.067
RMP1	0.071	**0.881**	0.297	0.352	0.502
RMP2	0.011	**0.906**	0.331	0.346	0.524
RMP3	0.080	**0.888**	0.325	0.352	0.527
RMP4	0.035	**0.904**	0.305	0.350	0.505
RMP5	0.122	**0.907**	0.225	0.333	0.539
TA1	-0.078	0.311	**0.900**	0.104	0.310
TA2	-0.139	0.221	**0.879**	0.072	0.244
TA3	-0.075	0.334	**0.910**	0.177	0.348
TA4	-0.081	0.288	**0.884**	0.054	0.273
TA5	-0.041	0.308	**0.906**	0.159	0.324
TAE1	-0.092	0.363	0.097	**0.921**	0.389
TAE2	-0.073	0.320	0.180	**0.876**	0.368
TAE3	-0.073	0.349	0.067	**0.899**	0.354
TAE4	-0.136	0.362	0.123	**0.901**	0.357
TAE5	-0.081	0.321	0.105	**0.889**	0.359
TAE6	-0.126	0.360	0.137	**0.887**	0.364
TC1	0.029	0.485	0.300	0.390	**0.891**
TC2	0.007	0.527	0.310	0.308	**0.877**
TC3	-0.053	0.530	0.324	0.389	**0.909**
TC4	-0.063	0.515	0.272	0.362	**0.880**

4.3 Structural model analysis.

Before evaluating the structural relationships, multicollinearity among the predictor constructs was assessed using the Variance Inflation Factor (VIF). As presented in Table 7, all VIF values ranged from 1.018 to 1.335, which are substantially below the recommended threshold of 5.0 (Hair et al., 2020). Specifically, the highest VIF value was observed for the relationship between Tax Compliance and Revenue Mobilization Performance (VIF = 1.335), while the lowest was

recorded for Enforcement Mechanisms and Tax Compliance (VIF = 1.018). These results indicate the absence of multicollinearity issues, suggesting that the predictor constructs are sufficiently distinct and suitable for structural model analysis.

The explanatory power of the model was assessed in Table 8 using the coefficient of determination (R^2). The results indicate that the exogenous variables explained 25.1% of the variance in Tax Compliance ($R^2 = 0.251$) and 39.6% of the variance in Revenue Mobilization Performance ($R^2 = 0.396$). According to Hair et al. (2020), these values indicate a moderate level of explanatory power. Furthermore, the predictive relevance of the model was evaluated using the Stone–Geisser Q^2 statistic. The Q^2 values for Revenue Mobilization Performance ($Q^2 = 0.36$) and Tax Compliance ($Q^2 = 0.21$) were greater than zero, demonstrating that the model possesses satisfactory predictive relevance and is capable of predicting the endogenous constructs (Hair et al., 2020).

The effect size (f^2) was examined to determine the relative contribution of each exogenous construct to the endogenous variables. The results reveal that Tax Compliance exerted the largest effect on Revenue Mobilization Performance ($f^2 = 0.247$), indicating a medium effect size. Similarly, Tax Administration Efficiency had a moderate influence on Tax Compliance ($f^2 = 0.182$), while Technology Adoption exhibited a smaller but meaningful effect on Tax Compliance ($f^2 = 0.113$). The remaining relationships, including Enforcement Mechanisms on Revenue Mobilization Performance ($f^2 = 0.022$), Enforcement Mechanisms on Tax Compliance ($f^2 = 0.033$), Technology Adoption on Revenue Mobilization Performance ($f^2 = 0.039$), and Tax Administration Efficiency on Revenue Mobilization Performance ($f^2 = 0.052$), demonstrated relatively small effect sizes. These findings suggest that Tax Compliance is the most influential predictor of revenue mobilization performance within the model.

Model fit was assessed using the Standardized Root Mean Square Residual (SRMR) and the Normed Fit Index (NFI). As shown in Table 9, the SRMR value of 0.042 is below the recommended threshold of 0.08, indicating a good model fit (Henseler et al., 2015). In addition, the NFI value of 0.912 exceeds the recommended minimum value of 0.90, further supporting the adequacy of the model. The discrepancy measures (d_ULS = 0.584 and d_G = 0.321) also suggest acceptable model quality. Overall, the results confirm that the structural model exhibits satisfactory explanatory power, predictive relevance, and model fit, making it suitable for testing the proposed hypotheses.

Table 7: Multicollinearity Test.

Model	**VIF**
EM -> RMP	1.020
EM -> TC	1.018
TA -> RMP	1.139
TA -> TC	1.023
TAE -> RMP	1.214
TAE -> TC	1.027
TC -> RMP	1.335

Table 8: R square, Q-square, and F-square.

Model Explanatory	R-square	R-square adjusted	Q- square	Construct	f-square
				EM -> RMP	0.022
RMP	0.396	0.387	0.36	EM -> TC	0.033
TC	0.251	0.242	0.21	TA -> RMP	0.039
				TA -> TC	0.113
				TAE -> RMP	0.052
				TAE -> TC	0.182
				TC -> RMP	0.247

Table 9: Model fitness

	Saturated model	Estimated model
SRMR	0.042	0.042
d_ULS	0.584	0.584
d_G	0.321	0.321
Chi-square	470.817	470.817
NFI	0.912	0.912

4.4 Hypothesis testing.

Table 10 and figure 2 both of them present the results of the direct effects analysis. The findings reveal that Tax Administration Efficiency has a significant positive effect on both Revenue Mobilization Performance ($\beta = 0.196$, $p < 0.001$) and Tax Compliance ($\beta = 0.374$, $p < 0.001$), supporting hypotheses H1 and H2. Similarly, Technology Adoption significantly and positively influences Revenue Mobilization Performance ($\beta = 0.165$, $p = 0.003$) and Tax Compliance ($\beta = 0.294$, $p < 0.001$), providing support for hypotheses H3 and H4. These results suggest that improvements in administrative efficiency and digital technologies contribute to enhanced tax compliance and revenue mobilization outcomes. In contrast, Enforcement Mechanisms did not demonstrate a significant effect on either Revenue Mobilization Performance ($\beta = 0.117$, $p = 0.144$) or Tax Compliance ($\beta = 0.043$, $p = 0.594$). Therefore, hypotheses H5 and H6 were not supported. Furthermore, Tax Compliance was found to have a significant positive effect on Revenue Mobilization Performance ($\beta = 0.446$, $p < 0.001$), supporting H7. Among all direct relationships, Tax Compliance exhibited the strongest influence on Revenue Mobilization Performance, highlighting its critical role in improving revenue collection performance.

Table 11 reports the mediation analysis results. The findings indicate that Tax Compliance significantly mediates the relationship between Tax Administration Efficiency and Revenue Mobilization Performance ($\beta = 0.167$, $p < 0.001$) and the relationship between Technology Adoption and Revenue Mobilization Performance ($\beta = 0.131$, $p < 0.001$), supporting hypotheses H1c and H2c. However, the indirect effect of Enforcement Mechanisms on Revenue

Mobilization Performance through Tax Compliance was not significant (β = 0.019, p = 0.598), leading to the rejection of H3c. Overall, the results demonstrate that Tax Compliance serves as an important mechanism through which tax administration efficiency and technology adoption enhance revenue mobilization performance.

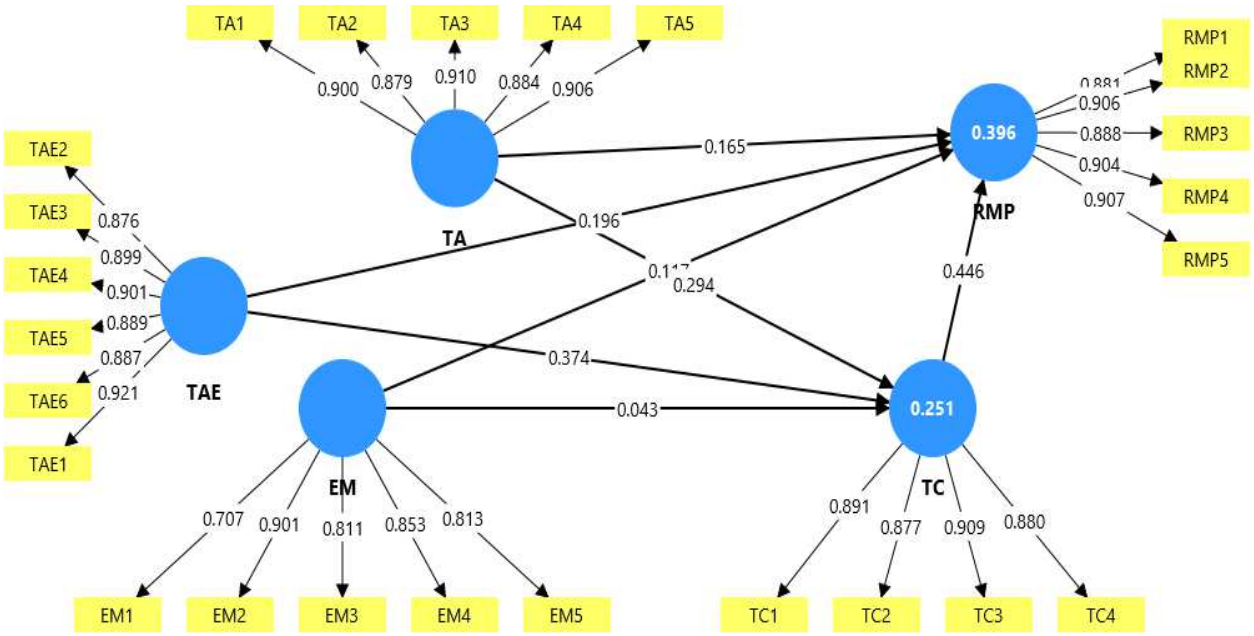


Figure 2: PLS-SEM Measurement and Structural Model of Revenue Mobilization Performance.

Table 10: path coefficients.

Hypothesis	Model	Beta	STDEV	T-Statistic	P-value	Decision
H1	TAE → RMP	0.196	0.054	3.6	0.000	Supported
H2	TAE → TC	0.374	0.054	6.987	0.000	Supported
H3	TA → RMP	0.165	0.056	2.96	0.003	Supported
H4	TA → TC	0.294	0.054	5.453	0.000	Supported
H5	EM → RMP	0.117	0.08	1.463	0.144	Not Supported
H6	EM → TC	0.043	0.081	0.533	0.594	Not Supported
H7	TC → RMP	0.446	0.056	7.939	0.000	Supported

Discussion.

The findings presented in Table 10 indicate that Tax Administration Efficiency has a significant positive effect on Revenue Mobilization Performance ($\beta = 0.196$, $p < 0.001$). This result suggests that efficient revenue administration enhances the Somaliland Inland Revenue Department's ability to mobilize domestic revenue. Specifically, timely and efficient administrative procedures, effective revenue collection processes, prompt delivery of taxpayer services, strong coordination among revenue administration departments, efficient utilization of administrative resources, and effective implementation of revenue policies all contribute positively to revenue mobilization performance. These administrative capabilities help minimize bureaucratic delays, improve operational effectiveness, enhance taxpayer compliance, and reduce revenue leakages. Consequently, revenue authorities with more efficient administrative systems are better positioned to achieve revenue collection targets and improve overall fiscal performance.

These findings align with previous empirical research. For instance, Jun (2018) found that the tax administration significantly improved revenue collection performance through enhanced administrative coordination and operational efficiency. Similarly, Manyanga et al. (2025) reported that efficient tax administration strengthens revenue mobilization by improving service delivery, taxpayer management, and institutional accountability. Bird (2015) also contended that effective tax administration is essential for successful revenue mobilization, as administrative capacity often determines the effectiveness of tax policy implementation. Furthermore, evidence from Sub-Saharan Africa supports these results. Studies in Tanzania, Rwanda, and Uganda have demonstrated that improvements in tax administration systems significantly increased domestic revenue collection by strengthening institutional capacity and reducing tax leakages (Magumba, Kintu, & Tusubira, 2026; OECD, 2022; Pumulo & Yohane, 2025; Abubakari et al., 2024). Theoretically, these findings support the Slippery Slope Framework, which posits that efficient and trustworthy tax authorities foster cooperation and improve compliance, ultimately resulting in better revenue outcomes (Kirchler et al., 2008). Therefore, the results suggest that strengthening administrative efficiency is a critical prerequisite for enhancing revenue mobilization performance in Somaliland and other developing economies.

Table 11: Mediation analysis.

Hypothesis	Mediation Path	Beta (β)	STDEV	T-Statistic	P-Value	Decision
H1c	TAE → TC → RMP	0.167	0.033	5.069	0.000	Supported
H2c	TA → TC → RMP	0.131	0.031	4.175	0.000	Supported
H3c	EM → TC → RMP	0.019	0.036	0.527	0.598	Not Supported

The mediation analysis in Table 11 revealed that Tax Compliance significantly mediates the relationship between Tax Administration Efficiency and Revenue Mobilization Performance ($\beta = 0.167$, $p < 0.001$). This finding indicates that efficient tax administration enhances revenue mobilization by improving taxpayer compliance. Efficient administrative procedures, transparent services, and effective taxpayer support encourage voluntary compliance, which subsequently increases revenue collection. The result is consistent with previous studies and evidence from

Sub-Saharan Africa, which show that improvements in tax administration strengthen compliance and contribute to higher domestic revenue mobilization Tumoro and Pandya (2025), (Mascagni et al., 2022) and Manyanga et al. (2025). Furthermore, the finding supports the Slippery Slope Framework, which emphasizes that efficient and trustworthy tax authorities foster taxpayer cooperation and compliance, ultimately improving revenue performance.

The study found that Technology Adoption has a significant positive effect on Revenue Mobilization Performance ($\beta = 0.165$, $p = 0.003$). This finding suggests that digital technologies, electronic filing systems, digital payment platforms, and ICT infrastructure contribute positively to revenue collection performance. Technology enhances operational efficiency, improves information management, reduces opportunities for corruption, and facilitates effective monitoring of taxpayers. The result is consistent with previous studies. Jemiluyi and Jeke (2023) found that ICT adoption significantly improves tax revenue mobilization in Southern African countries. Similarly, Bellon et al. (2022) demonstrated that digital tax administration systems increase revenue collection by improving transparency and reducing administrative inefficiencies. Recent studies by Abubakari et al. (2024) and Agyei-Ababio et al. (2023) also reported a positive relationship between digital transformation and tax revenue performance.

The findings are comparable to experiences in Sub-Saharan Africa, where countries such as Uganda, Kenya, and Ghana have successfully leveraged digital technologies to strengthen domestic revenue mobilization (Magumba, Kintu, & Tusubira, 2026; Dzulfian Syafrian, 2025; Abubakari et al., 2024). These results support the Technology Acceptance Model (TAM)**,** which suggests that technological systems improve organizational performance when they are perceived as useful and easy to use (Davis, 1989). The findings therefore indicate that technology adoption is an important instrument for strengthening revenue collection in Somaliland.

The mediation analysis in Table 11 also presented Technology Adoption significantly and positively affects Tax Compliance ($\beta = 0.294$, $p < 0.001$). This suggests that digital tax systems facilitate taxpayer compliance by simplifying tax procedures, reducing compliance costs, and improving access to tax information. Taxpayers are more likely to comply when tax obligations can be fulfilled through efficient and user-friendly digital platforms. This result corroborates the findings of Mascagni et al. (2021), who reported that ICT-enabled tax interventions improved taxpayer compliance among businesses in Ethiopia. Similarly, Uyar et al. (2021) found that digital government services strengthen compliance by reducing opportunities for tax evasion. Bellon et al. (2022) further demonstrated that digital tax administration systems increase transparency and accountability, thereby encouraging voluntary compliance (Bellon et al., 2022; Akitoby et al., 2019; Gupta, 2007). Across Sub-Saharan Africa, governments increasingly rely on electronic tax systems to improve compliance and broaden the tax base. Evidence from Rwanda, Uganda, and South Africa shows that digitalization improves taxpayer registration, reporting accuracy, and payment compliance (OECD, 2022). The findings support the Technology Acceptance Model, which explains how the adoption of useful and accessible technologies promotes positive behavioral outcomes, including compliance.

Finally, Tax Compliance has a significant positive effect on Revenue Mobilization Performance ($\beta = 0.446$, $p < 0.001$), representing the strongest direct relationship in the model. This result

suggests that improving taxpayer compliance is fundamental to increasing domestic revenue collection. Higher levels of compliance expand the tax base, reduce tax evasion, and improve the efficiency of revenue collection systems. The result is consistent with previous studies. Savić et al., (2015) found that higher compliance rates directly increase tax revenues and strengthen public service financing. Similarly, Idrus, (2024) reported that voluntary compliance enhances fiscal sustainability by reducing enforcement costs and increasing collection efficiency. further emphasized that sustainable revenue mobilization depends largely on taxpayers' willingness to comply with tax obligations (Onoja & Odoma, 2020; Okunogbe & Santoro, 2023). The findings are also consistent with evidence from Sub-Saharan Africa, where countries with stronger compliance cultures generally achieve higher revenue performance. Studies from Uganda, Ghana, and Ethiopia indicate that improvements in compliance significantly contribute to domestic resource mobilization and fiscal sustainability (Essel, 2025; OECD, 2022; Ackom et al., 2025; Gupta & Tareq, 2008). The findings therefore reinforce the central role of taxpayer compliance in achieving effective revenue mobilization and support both the Slippery Slope Framework and broader domestic resource mobilization theories.

5- Conclusion

This study examined the determinants of revenue mobilization performance in the Somaliland Inland Revenue Department by investigating the effects of tax administration efficiency, technology adoption, and enforcement mechanisms, while considering the mediating role of tax compliance. Using a Partial Least Squares Structural Equation Modeling (PLS-SEM) approach, the study analyzed data collected from employees of the Somaliland Inland Revenue Department to assess both direct and indirect relationships among the study variables.

The findings revealed that tax administration efficiency and technology adoption have significant positive effects on both tax compliance and revenue mobilization performance. These results suggest that strengthening administrative capacity, improving service delivery, enhancing transparency, and expanding the use of digital tax systems can significantly improve the effectiveness of domestic revenue collection. The study further found that tax compliance exerts the strongest positive influence on revenue mobilization performance, highlighting its critical role in achieving sustainable domestic revenue generation. In contrast, enforcement mechanisms were found to have no significant effect on either tax compliance or revenue mobilization performance, indicating that enforcement measures alone may be insufficient to improve revenue outcomes in the Somaliland context.

The mediation analysis demonstrated that tax compliance significantly mediates the relationships between tax administration efficiency and revenue mobilization performance, as well as between technology adoption and revenue mobilization performance. These findings imply that improvements in administrative efficiency and technological innovation contribute to higher revenue mobilization largely through their ability to enhance taxpayer compliance. However, tax compliance did not mediate the relationship between enforcement mechanisms and revenue mobilization performance, further reinforcing the limited effectiveness of enforcement-based approaches in isolation.

Overall, the study concludes that improving revenue mobilization performance in Somaliland requires a strategic focus on strengthening tax administration systems, accelerating digital transformation, and promoting voluntary taxpayer compliance. The findings contribute to the growing literature on domestic revenue mobilization in developing and post-conflict economies by providing empirical evidence from Somaliland. The study also offers practical insights for policymakers and tax authorities seeking to enhance fiscal sustainability, reduce dependence on external resources, and strengthen the government's capacity to finance national development objectives through improved domestic revenue generation.

5.1 Implications of the Study

This study contributes to the domestic revenue mobilization literature by integrating the Technology Acceptance Model (TAM), Slippery Slope Framework (SSF), and Deterrence Theory within a single framework. The findings provide empirical support for TAM and SSF by demonstrating that technology adoption and tax administration efficiency significantly enhance tax compliance and revenue mobilization performance. Conversely, the insignificant effect of enforcement mechanisms suggests that, in developing and post-conflict economies such as Somaliland, revenue performance may depend more on administrative effectiveness, digital transformation, and voluntary compliance than on punitive enforcement measures alone. From a practical and policy perspective, the findings indicate that the Somaliland Ministry of Finance and the Inland Revenue Department should prioritize administrative reforms, staff capacity development, service quality improvement, and investments in digital tax systems. Strengthening taxpayer education, transparency, and trust-building initiatives can further enhance compliance and improve revenue collection. These measures can support fiscal sustainability and strengthen the government's ability to finance public services and development programs through domestic resources. Methodologically, the study demonstrates the usefulness of PLS-SEM in examining both direct and indirect relationships among revenue mobilization variables. By incorporating tax compliance as a mediating variable, the study provides a deeper understanding of the mechanisms through which tax administration efficiency and technology adoption influence revenue mobilization performance. Future research may extend this framework by incorporating additional institutional, governance, and behavioral factors and by adopting mixed-method or triangulation approaches to provide a more comprehensive understanding of domestic revenue mobilization.

5.2 Recommendations

Based on the findings, the Somaliland Ministry of Finance and the Inland Revenue Department should prioritize strengthening tax administration efficiency through administrative reforms, staff capacity development, process simplification, and enhanced transparency. Improving service delivery and operational effectiveness can increase taxpayer confidence, encourage compliance, and improve revenue collection performance. The government should also accelerate technology adoption by expanding digital tax systems, electronic filing platforms, integrated taxpayer databases, and digital payment mechanisms. Investments in ICT infrastructure can enhance administrative efficiency, reduce revenue leakages, lower compliance costs, and improve taxpayers' access to tax services.

Given the significant influence of tax compliance on revenue mobilization performance, revenue authorities should intensify taxpayer education and awareness programs, strengthen taxpayer support services, and promote transparent communication to encourage voluntary compliance. Although enforcement mechanisms were not found to be significant, they should be integrated with taxpayer education, administrative improvements, and digital monitoring systems to enhance their effectiveness. Finally, policymakers should develop comprehensive domestic revenue mobilization strategies that emphasize administrative modernization, digital transformation, and taxpayer-centered services. Such initiatives will strengthen fiscal sustainability, improve domestic resource mobilization, and enhance the government's capacity to finance public services and national development programs.

5.3 Limitations of the Study

This study has several limitations. First, the use of a cross-sectional design limits the ability to capture changes in revenue mobilization practices and taxpayer behavior over time. Second, the study relied on self-reported data from Inland Revenue employees, which may be influenced by personal perceptions and may not fully represent taxpayers' views. Third, the research was conducted solely within the Somaliland Inland Revenue Department, which may limit the generalizability of the findings to other contexts. Fourth, the study examined only tax administration efficiency, technology adoption, enforcement mechanisms, and tax compliance, while other factors such as governance quality, taxpayer trust, and economic conditions were not included. Finally, although PLS-SEM is useful for examining complex relationships, it does not establish definitive causality. Future studies are encouraged to employ longitudinal, mixed-method, or triangulation approaches and incorporate additional institutional and behavioral variables to provide a more comprehensive understanding of revenue mobilization performance.

Abbreviation words.

OECD- Organization for Economic Cooperation and DevelopmenT

DRM- Domestic Revenue Mobilization

RMP- Revenue Mobilization Performance

PLS-SEM- Partial Least Squares Structural Equation Modeling

SSA- Sub-Saharan Africa

TA- Technology Adoption

TAE- Tax Administration Efficiency

Ethics Approval

Ethical approval for this study was obtained from the Postgraduate Studies and Research Ethics Committee of the University of Burao (Reference No. UoB/SPGSR/18/2026)**.**

Ethical Accordance

The study was conducted in accordance with established ethical principles, academic research standards, and the ethical guidelines of the University of Burao. The research was carried out with integrity, transparency, and respect for participants' rights. Participants' privacy, confidentiality, and anonymity were strictly maintained throughout the research process. No personal identifiers were collected or disclosed, and all data were used solely for academic purposes and stored securely. The study was designed and conducted to minimize potential risks and ensure that participants were not exposed to physical, psychological, social, or economic harm**.**

Informed Consent

Prior to data collection, all participants were informed about the purpose and objectives of the study, and their voluntary informed consent was obtained. Participants were assured that their participation was entirely voluntary and that they could withdraw from the study at any stage without any adverse consequences**.**

Data Availability.

Data is available upon reasonable request of correspondent author Mohamed Faisal Saed.

Clinical Trial.

Clinical trial number is not applicable.'

Conflict of Interest.

There is no Conflict of interest between the Authors of the study.

Authors Contribution.

Mohamed Faisal Saed conceptualized the study, conducted the literature review, and drafted the introduction section of the manuscript. Hamse Abdiwahab Abdilahi was responsible for the research methodology, data analysis, interpretation of results, discussion of findings, and preparation of the conclusion. Both authors contributed to manuscript revision, reviewed the final version, and approved it for publication.

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Ref. No. UoB/SPGSR/18/2026
Date: 17/01/2026

Subject: Ethical Approval of Research Entitled "Determinants of Revenue Mobilization Performance in Somaliland: Evidence from the Inland Revenue Department of Somaliland"

Principal author: Mohamed Faisal Saed

Co-author: Hamse Abdiwahab Abdilahi

This study was conducted in accordance with accepted ethical principles and academic research standards. The researcher ensured that all participants were treated with respect, dignity, and fairness throughout the research process. Prior to data collection, participants were informed about the purpose, objectives, and significance of the study. Participation was entirely voluntary, and respondents were given the freedom to decline participation or withdraw from the study at any stage without any negative consequences. Informed consent was obtained from all participants before collecting any information.

The researcher maintained strict confidentiality and anonymity of all respondents. No personal identifiers, such as names, addresses, or other sensitive information, were included in the research findings. The data collected were used solely for academic purposes and were stored securely to prevent unauthorized access. The study did not involve any form of physical, psychological, social, or economic harm to participants. All information provided by respondents was handled responsibly and reported honestly without manipulation, fabrication, or misrepresentation.

The researcher adhered to principles of academic integrity by properly acknowledging all sources of information through appropriate citation and referencing practices. Furthermore, the researcher complied with the ethical guidelines and regulations of the relevant academic institution and obtained the necessary permissions from the concerned authorities before conducting the study. The findings of the research are presented objectively and transparently to contribute to knowledge and support evidence-based decision-making. The researcher affirms that this study upholds the highest standards of professional ethics, confidentiality, voluntary participation, and academic honesty throughout all stages of the research process.

Researcher Declaration

I hereby declare that the research was conducted ethically and responsibly. All participants were informed about the nature of the study, their consent was obtained, and the data collected were used exclusively for academic purposes.

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Research Ethics Approval: This research received ethical clearance from the Postgraduate Studies and Research Ethics Committee of the University of Burao.

Date of Approval: 16/ January / 2026

Approving Authority: Research Ethics Committee, UoB

Researcher Name: Mohamed Faisal Saed

Sincerely,
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