

Revenue Mobilization as an Impetus for Economic Growth in Sub-Saharan Africa: The Influence of Tax Compliance and Informal Sector

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ABSTRACT

Revenue mobilization is critical for economic growth and sustainable development in Sub-Saharan Africa (SSA). However, weak tax compliance and the large informal sector continue to constrain governments' ability to generate adequate tax revenues. This study examines the relationship between revenue mobilization, tax compliance, and the informal sector, exploring how these factors shape economic growth in SSA. The study aims to: (1) assess the impact of revenue mobilization on economic growth, (2) investigate the influence of tax compliance on revenue mobilization, (3) examine the role of the informal sector in tax collection, and (4) evaluate the interaction between tax compliance and the informal sector in shaping revenue mobilization. A quantitative research approach is employed using panel data from ten SSA countries between 2010 and 2022. The study uses panel regression models, including fixed-effects estimation, to analyze the relationships between revenue mobilization, tax compliance, and economic growth. Descriptive statistics, correlation analysis, stationarity tests, model specification tests, and multicollinearity checks are conducted to ensure the robustness of the results. The results indicate that revenue mobilization has a significant positive impact on economic growth ($p = 0.0003$), while government expenditure shows a weak negative effect. Tax compliance positively affects revenue mobilization, but its impact is weaker than expected, suggesting the need for enhanced enforcement and taxpayer education. The informal sector, contrary to conventional beliefs, has a positive but complex relationship with revenue mobilization. The interaction between tax compliance and the informal sector reveals that excessive enforcement may drive informal businesses further underground, reducing overall tax collection. Additionally, financial inclusion is found to be a strong enabler of tax compliance and revenue growth. These findings have significant policy implications, emphasizing the need for balanced tax enforcement, digital financial inclusion, and informal sector integration to enhance revenue mobilization. Governments should focus on incentive-driven tax policies, improved transparency, and efficient public expenditure to maximize tax revenues and foster

economic growth. From an accounting research perspective, the study highlights the importance of interdisciplinary approaches in taxation, integrating insights from public finance, behavioral economics, and digital taxation.

Keywords: Revenue mobilization, tax compliance, informal sector, economic growth, Sub-Saharan Africa, financial inclusion, fiscal policy.

INTRODUCTION

Economic growth in Sub-Saharan Africa (SSA) remains a priority for policymakers, given the region's persistent fiscal deficits, infrastructure gaps, and high unemployment rates. One of the key drivers of sustainable economic growth is effective revenue mobilization, which provides governments with the necessary resources to invest in public goods and services (Rotimi et al., 2021). However, challenges such as low tax compliance and the large size of the informal sector hinder the region's revenue mobilization capacity (Kamara, 2021). This paper explores the relationship between revenue mobilization and economic growth in SSA, focusing on the role of tax compliance and the informal sector.

Despite the growing body of literature on revenue mobilization, several research gaps remain. First, existing studies have largely focused on individual country analyses, with limited cross-country comparisons in SSA (Ahmed, 2023). This study seeks to address this gap by providing a broader regional perspective on revenue mobilization challenges and opportunities. Secondly, while qualitative research has highlighted key barriers to tax compliance and informal sector taxation, there is a need for more quantitative studies to measure the exact impact of tax policies on revenue mobilization (Ansong et al., 2024). By employing econometric models and statistical analyses, this study aims to provide empirical evidence on the effectiveness of different tax strategies in SSA. Additionally, existing research has not adequately explored the interactions between tax compliance and informal sector participation in revenue generation. This study will examine the extent to which informal sector taxation affects overall tax compliance rates and government revenue collection (Sebele-Mpofu, 2020). Furthermore, most studies have not sufficiently examined the role of digital financial inclusion in improving tax compliance among informal businesses. This research will explore the potential of mobile banking, e-taxation, and digital record-keeping in enhancing revenue mobilization efforts in SSA.

The urgency of addressing revenue mobilization challenges in SSA cannot be overstated. Persistent budget deficits, infrastructure deficits, and rising debt levels necessitate innovative strategies to enhance domestic revenue collection (Mullins et al., 2020). Strengthening tax compliance mechanisms and integrating the informal sector into the tax system are critical steps toward achieving sustainable economic growth (Kamasa et al., 2025). This study will contribute to existing knowledge by identifying effective policy interventions that can enhance revenue mobilization in SSA. It will also provide policymakers with data-driven insights to design tax policies that balance revenue generation with economic inclusivity (Rotimi et al., 2022). Additionally, the findings will offer practical recommendations on how governments can leverage technology to improve tax collection and compliance rates in informal economies.

In summary, revenue mobilization is a crucial determinant of economic growth in SSA, yet its effectiveness is hindered by low tax compliance and the prevalence of the informal sector. Addressing these challenges requires targeted policies that simplify tax compliance, integrate informal businesses into the tax framework, and enhance trust in public institutions. Given the existing research gaps, this study will provide a comprehensive analysis of the interplay between tax compliance, the informal sector, and revenue mobilization in SSA, contributing to the development of effective fiscal policies for the region's sustainable economic growth.

Objectives of the Study

The following are the objectives of the study:

1. To assess the impact of revenue mobilization on economic growth in Sub-Saharan Africa
2. To investigate the influence of tax compliance on revenue mobilization in Sub-Saharan Africa
3. To examine the role of the informal sector in revenue mobilization in Sub-Saharan Africa
4. To evaluate the interaction between tax compliance and the informal sector in shaping revenue mobilization.

LITERATURE REVIEW

Revenue Mobilization and Economic Growth

Revenue mobilization refers to the collection of taxes, levies, and other public revenues necessary for state functioning. The effectiveness of revenue mobilization is a key determinant of a nation's economic trajectory, as it directly impacts government expenditures on essential services such as education, healthcare, and infrastructure (Kalogiannidis, 2021). In SSA, weak revenue collection mechanisms and over-reliance on external aid have limited governments' ability to drive long-term growth (Ahmed, 2023). Studies show that nations with higher revenue-to-GDP ratios tend to experience higher economic growth rates due to their ability to fund development projects (Wujung & Aziseh, 2016).

The positive impact of revenue mobilization on economic growth has been observed in various African economies. For instance, in Nigeria, revenue mobilization efforts have been shown to significantly enhance GDP growth by increasing public investment in key sectors (Rotimi et al., 2022). Similarly, in Ethiopia, tax revenue mobilization has been identified as a crucial factor in driving infrastructure development and reducing poverty (Ahmed, 2023). Despite these benefits, many SSA countries struggle with revenue collection due to inefficient tax policies, weak administrative structures, and high levels of tax evasion (Kimutai et al., 2017).

The Influence of Tax Compliance on Revenue Mobilization

Tax compliance plays a pivotal role in determining the effectiveness of revenue mobilization. High tax compliance rates ensure a steady flow of government revenue, reducing the need for external borrowing and increasing fiscal sustainability (Kamasa et al., 2025). However, in SSA, tax compliance remains low due to factors such as inadequate taxpayer education, corruption, and the perception of an unfair tax system (Sebele-Mpofu, 2020).

A study conducted in Ghana revealed that tax morale significantly influences tax compliance, with individuals more likely to evade taxes when they perceive the system as unjust or inefficient (Frimpong, 2023). Similarly, in Nigeria, taxpayer education initiatives have been

found to enhance compliance, as informed taxpayers are more willing to meet their tax obligations (Oloyede & Nwachukwu, 2021). Furthermore, voluntary compliance programs have been shown to be effective in improving revenue collection among small and medium enterprises (Musimenta et al., 2017). Thus, improving tax compliance through education, enforcement, and incentives can significantly enhance revenue mobilization efforts in SSA.

The Role of the Informal Sector in Revenue Mobilization

The informal sector accounts for a substantial portion of economic activity in SSA, contributing to employment and income generation. However, its dominance presents a significant challenge to revenue mobilization, as a large share of economic transactions occurs outside formal tax systems (Ogbuabor et al., 2014). In many SSA countries, over 50% of the workforce operates in the informal sector, making it difficult for tax authorities to capture a significant portion of potential tax revenues (Uzoechina et al., 2023).

Efforts to tax the informal sector have met resistance due to various factors, including the complexity of tax regulations, lack of financial literacy, and distrust in government institutions (Mpofu, 2021). In Zambia, for example, attempts to integrate informal businesses into the tax net have been met with noncompliance due to the perceived burden of taxation on small-scale entrepreneurs (Kawimbe & Mulonga, 2024). Similarly, in Ghana, local tax authorities have struggled to enforce tax collection in informal markets due to logistical and administrative challenges (Boakye & Sarpong, 2022). Addressing these challenges requires a more inclusive taxation approach, tailored policies, and incentives to encourage voluntary tax participation among informal sector operators.

The Interaction between Tax Compliance and the Informal Sector in Revenue Mobilization

The relationship between tax compliance and the informal sector is complex, as informal businesses often operate outside traditional tax frameworks, making compliance difficult to enforce. However, studies indicate that simplifying tax procedures and providing incentives can encourage informal businesses to transition into the formal economy (Mascagni et al., 2014). For instance, in Uganda, stakeholder collaboration has been shown to improve voluntary tax compliance among micro, small, and medium enterprises (Kintu et al., 2025).

One approach to bridging the gap between the informal sector and tax compliance is the adoption of presumptive tax schemes, which simplify tax obligations for small businesses. Such schemes have been implemented in Kenya and Nigeria, with varying degrees of success (Kimutai, 2017). Another strategy is leveraging digital financial services to track transactions and integrate informal businesses into the tax system (Ebifuro et al., 2016). Additionally, local governments can enhance revenue collection through improved governance and transparency, as trust in public institutions has been shown to influence tax compliance behavior (Kamara & Kamara, 2025).

THEORETICAL FRAMEWORK

Theoretical frameworks provide a structured lens through which complex economic phenomena can be analyzed and understood. In examining revenue mobilization as a catalyst for economic growth in Sub-Saharan Africa (SSA), with a focus on tax compliance and the

informal sector, two fundamental theories provide insightful perspectives: The Ability-to-Pay Theory of Taxation and The Economic Deterrence Model of Tax Compliance. The Ability-to-Pay Theory of Taxation explains how taxation should be equitably structured to enhance compliance and fairness in revenue generation, while the Economic Deterrence Model illustrates the influence of enforcement mechanisms on taxpayers' willingness to comply. These theories are particularly relevant in SSA, where weak tax administration, low compliance levels, and a large informal sector hinder efficient revenue mobilization. By integrating these theories, this study explores the complexities of revenue collection, the role of tax policies in fostering economic growth, and the interaction between compliance and informal sector activities. The subsequent sections critically examine each theory and its implications for tax revenue mobilization in SSA.

The Ability-to-Pay Theory of Taxation

The Ability-to-Pay Theory of Taxation is a cornerstone of progressive taxation, advocating that individuals and businesses should contribute to government revenues according to their financial capacity (Chauke, Sebola, & Mathebula, 2017). The principle underscores the importance of fairness in taxation, asserting that wealthier individuals and profitable businesses should bear a greater tax burden compared to low-income earners. This theory is particularly significant in SSA, where income disparities are vast, and tax systems are often perceived as regressive, disproportionately affecting lower-income groups (Englisch, 2014). From a policy perspective, the ability-to-pay principle ensures that taxation does not unduly burden low-income earners while maximizing revenue collection from high-income individuals and corporations. Research in South African municipalities has demonstrated that tax compliance improves when the tax structure aligns with taxpayers' perceived ability to contribute (Chauke et al., 2017). However, in SSA, many tax systems remain inefficient, relying heavily on indirect taxes such as value-added tax (VAT), which disproportionately affects the poor (Pressman, 2018). This misalignment between taxation and economic capacity exacerbates tax evasion, as lower-income groups and informal businesses seek to minimize their tax burdens through non-compliance (Seriah, 2024).

Furthermore, progressive taxation under the ability-to-pay principle is crucial for ensuring economic stability. When wealthier segments of the population contribute more, governments can allocate resources toward public goods and infrastructure, thereby fostering economic growth (Hou, 2022). However, the challenge in SSA lies in enforcement, as many high-income individuals and corporations engage in tax avoidance and illicit financial flows to minimize their liabilities (Harashima, 2020). Addressing these loopholes is critical to improving revenue mobilization and ensuring that taxation contributes effectively to economic development.

Additionally, the principle supports the notion that taxation should not create excessive financial strain on businesses, particularly in economies with large informal sectors. In Ghana, for instance, taxation policies that impose excessive levies on small enterprises have led to widespread tax evasion and resistance from informal sector operators (Bizioli & Reimer, 2020). By aligning tax policies with taxpayers' ability to contribute, governments can improve compliance rates and enhance revenue generation without stifling economic activity. Nevertheless, while the ability-to-pay principle provides a strong justification for progressive taxation, its effectiveness is contingent on administrative efficiency and public trust in tax

authorities. When taxpayers perceive that government revenues are mismanaged or that tax policies are unfairly applied, compliance levels decline, leading to reduced revenue collection (Misra, 2019). Therefore, tax authorities must ensure transparency, enforce tax laws equitably, and provide incentives for compliance to strengthen revenue mobilization in SSA.

The Economic Deterrence Model of Tax Compliance

While the Ability-to-Pay Theory focuses on fairness and economic capacity, the Economic Deterrence Model of Tax Compliance provides insight into the behavioral aspects of taxation. Rooted in Becker's (1968) economic crime model, this theory posits that taxpayers weigh the costs and benefits of compliance based on the probability of detection and the severity of penalties (Bello & Danjuma, 2014). In essence, when the risk of tax audits, fines, and legal consequences is high, individuals and businesses are more likely to comply with tax obligations. The deterrence model is particularly relevant in SSA, where tax evasion is widespread due to weak enforcement mechanisms (Ya'u, Saad, & Mas'ud, 2020). Studies in Nigeria have shown that businesses are more inclined to comply with tax laws when stringent enforcement measures, such as audits and penalties, are effectively implemented (Rengasamy et al., 2023). However, many SSA countries lack the institutional capacity to conduct frequent audits, thereby reducing the effectiveness of deterrence strategies.

Moreover, taxpayer behavior is not solely influenced by the fear of penalties; perceptions of fairness and government accountability also play a crucial role. Research in Zimbabwe indicates that when tax authorities prioritize enforcement over service delivery, compliance rates decline, as taxpayers do not perceive tangible benefits from their contributions (Dularif & Rustiarini, 2022). This highlights the need for a balanced approach that combines enforcement with transparency and incentives to enhance voluntary compliance.

Another key limitation of the deterrence model is its applicability to the informal sector, which operates largely outside the formal tax system. In SSA, a significant proportion of economic activities occur informally, making it difficult for tax authorities to enforce compliance through traditional deterrence mechanisms (Misra, 2019). In Zambia, for example, informal traders often evade taxation not only due to weak enforcement but also because of a lack of understanding of tax regulations and perceived government inefficiency (Kawimbe & Mulonga, 2024). To address these challenges, policymakers must adopt innovative enforcement strategies, such as presumptive taxation and digital tax tracking, to improve compliance among informal businesses. Additionally, technological advancements provide new opportunities to enhance tax compliance through deterrence mechanisms. Digital financial services, electronic tax filing systems, and automated audits have been shown to improve compliance rates by reducing opportunities for tax evasion (Harashima, 2020). In Kenya, the introduction of digital tax payment platforms has increased tax compliance among small businesses, demonstrating the potential of technology in strengthening revenue mobilization efforts (Bizioli & Reimer, 2020). However, while deterrence strategies can enhance compliance, excessive enforcement without corresponding taxpayer education and service improvement can lead to tax resistance (Dularif & Rustiarini, 2022). A balanced approach that integrates enforcement with incentives, public awareness campaigns, and improved service delivery is necessary to maximize tax revenue collection in SSA.

In essence, the Ability-to-Pay Theory of Taxation and the Economic Deterrence Model of Tax Compliance provide critical insights into revenue mobilization challenges in SSA. The ability-to-pay principle underscores the importance of equitable taxation, ensuring that individuals and businesses contribute based on their financial capacity. However, its effectiveness is undermined by weak enforcement and perceptions of unfairness in tax policies. Meanwhile, the economic deterrence model highlights the role of enforcement mechanisms in shaping tax compliance behavior. While deterrence strategies can improve compliance, their success depends on institutional capacity and taxpayer trust in government. A comprehensive approach that integrates both theories is essential for improving revenue mobilization in SSA. Policymakers must design tax systems that align with taxpayers' financial capacities while strengthening enforcement mechanisms to deter evasion. Additionally, addressing the unique challenges of the informal sector through innovative tax policies, digital taxation, and voluntary compliance initiatives can significantly enhance revenue collection. By leveraging these theoretical insights, governments can develop effective strategies to mobilize revenue and drive sustainable economic growth in SSA.

METHODS

A robust methodological approach is crucial to ensuring the validity and reliability of research findings. This study employs a quantitative research approach to analyze the relationship between revenue mobilization, tax compliance, and economic growth in Sub-Saharan Africa (SSA). By utilizing data from multiple sources, including the World Bank and governance databases, this study seeks to provide empirical evidence on how tax compliance and the informal sector impact revenue mobilization and economic growth in SSA.

Data Collection

This study adopts a secondary data collection approach, drawing from reputable databases such as the World Bank, Our World in Data, and the World Bank Governance Indicators. Secondary data is particularly useful in economic and fiscal studies as it provides reliable, standardized, and comprehensive datasets over extended periods (World Bank, 2023). Additionally, this approach ensures consistency in measurement and comparability across multiple SSA countries. The study period spans from 2010 to 2022, allowing for an analysis of long-term trends and the effects of various fiscal policies on tax compliance, revenue mobilization, and economic growth. Given that tax structures, governance, and economic stability fluctuate over time, a longitudinal dataset is beneficial in capturing these variations (Ahmed, 2023). Moreover, selecting data from multiple SSA countries enhances generalizability, making the findings more applicable to the broader region.

Sample Population

The sample consists of ten Sub-Saharan African countries, chosen based on the availability of comprehensive taxation, governance, and economic data. The selected countries represent diverse fiscal environments, including those with relatively strong tax administration systems and others with high informality and weak tax compliance (Ghana, Senegal, Kenya, Tanzania, Uganda, Democratic Republic of Congo, Cameroon, Gabon, Zambia, and Mozambique) (Kamara, 2021). By examining governance-related taxation, economic, and institutional data across these nations, the study aims to identify patterns and disparities in revenue mobilization effectiveness. Additionally, these countries provide a heterogeneous sample, which helps

capture the varying effects of tax compliance and the informal sector on economic growth. This diversity enhances the robustness of the findings, allowing for a more comprehensive understanding of revenue mobilization in SSA.

Measures

In order to quantify the relationship between revenue mobilization, tax compliance, and economic growth, this study incorporates several variables, categorized into dependent, independent, and control variables. The measurements and sources of these variables are summarized in Table 1 below.

Table 1: Measurements of Variables

Variables	Definitions	Acronym	Measurements	Data Source
Tax Compliance	The extent to which businesses and individuals fulfill tax obligations.	TC	- Average time spent on tax filing (hours per year)	World Bank
Revenue Mobilization	The total amount of tax revenue collected by governments as a proportion of the economy.	REV	- Total tax revenue as a percentage of GDP	World Bank
Economic Growth	The rate at which a country's economy expands over time.	GDPG	- Annual GDP growth rate (%)	World Bank
Government Expenditure (Control Variable)	The total amount of spending by the government on public services and infrastructure.	GOVEXP	- Public spending as a percentage of GDP	Our World in Data
Political Stability (Control Variable)	The degree of predictability, effectiveness, and security in a country's political system.	POLSTAB	- Political stability index	World Bank Governance Indicators
Financial Inclusion (Control Variable)	The proportion of the population with access to formal financial services.	FININC	- Account ownership at a financial institution or mobile money provider (% of population ages 15+)	World Bank Global Findex Database
Informal Sector	The size of the informal economy as a proportion of total GDP.	INFORMAL	- MIMIC model-based estimates of informal output (% of GDP)	World Bank

The dependent variable in this study is economic growth (GDPG), measured by the annual GDP growth rate as reported by the World Bank. The primary independent variables are tax compliance (TC) and revenue mobilization (REV), which indicate how effectively SSA countries generate tax revenues and the extent to which taxpayers comply with regulations. To ensure robust findings, the study includes three control variables: government expenditure (GOVEXP), political stability (POLSTAB), and financial inclusion (FININC). These factors are critical as they influence both tax compliance and revenue mobilization. For instance, political instability may reduce tax compliance, while higher financial inclusion could facilitate better tax administration (Sebele-Mpofu, 2020).

Model for the Study

In order to empirically assess the relationship between revenue mobilization, tax compliance, and economic growth, this study employs a panel regression model. Given that the dataset includes multiple countries observed over a period of 12 years, a fixed-effects or random-effects model is appropriate for controlling unobserved heterogeneity (Baltagi, 2021). The study estimates the following econometric model:

Model Specification:

In order to empirically analyze the study's objectives, different econometric models are specified for each research question. These models incorporate key dependent, independent, and control variables, ensuring a robust and comprehensive analysis of revenue mobilization, tax compliance, and the informal sector in Sub-Saharan Africa (SSA):

$$GDPG_{it} = \alpha + B_1REV_{it} + B_2GOVEXP_{it} + B_3POLSTAB_{it} + B_4FININC_{it} + \epsilon_{it} \dots\dots\dots(1)$$

$$REV_{it} = \alpha + B_1TC_{it} + B_2POLSTAB_{it} + B_3FINNIC_{it} + B_4GOVEXP_{it} + \epsilon_{it} \dots\dots\dots(2)$$

$$REV_{it} = \alpha + B_1INFORMAL_{it} + B_2POLSTAB_{it} + B_3FINNIC_{it} + B_4GOVEXP_{it} + \epsilon_{it} \dots\dots(3)$$

$$REV_{it} = \alpha + B_1TC_{it} + B_2INFORMAL_{it} + B_3(TC * INFORMAL)_{it} + B_4POLSTAB_{it} + B_5FINNIC_{it} + B_6GOVEXP_{it} + \epsilon_{it} \dots\dots\dots(4)$$

Where:

- REV_{it} = Revenue mobilization in country i at time t .
- $INFORMAL_{it}$ = Size of the informal sector, measured as a percentage of GDP.
- TC_{it} = Tax compliance, measured as the average time spent on tax filing (hours per year).
- $FINNIC_{it}$ = Financial inclusion.
- $GDPG_{it}$ = Economic growth (control variable).
- $GOVEXP_{it}$ = Government expenditure (control variable).
- $POLSTAB_{it}$ = Political stability (control variable).
- ϵ_{it} is the error term.
- α = Constant term.

Analytical Techniques

In order to ensure a rigorous and robust empirical analysis, this study employs a combination of statistical and econometric techniques. These techniques allow for a comprehensive examination of the relationships between revenue mobilization, tax compliance, the informal sector, and economic growth in Sub-Saharan Africa (SSA). First, descriptive statistics summarize the dataset by presenting the mean, standard deviation, minimum, and maximum values of each variable (World Bank, 2023). This step provides an initial understanding of data distribution and identifies any potential anomalies. Second, correlation analysis examines the strength and direction of relationships between variables (Ahmed, 2023). High correlations between independent variables may indicate potential multicollinearity issues, which could distort regression estimates. To ensure the reliability of the dataset, stationarity tests such as the Augmented Dickey-Fuller (ADF) and Phillips-Perron (PP) tests are conducted to determine whether variables exhibit unit roots (Kamara, 2021). Non-stationary variables can lead to

spurious regressions, making trend adjustments essential for accurate inference. Following this, model specification tests, including the Hausman test, are applied to determine whether a fixed-effects or random-effects model is more appropriate for panel data estimation (Baltagi, 2021). This ensures that the model accounts for country-specific and time-invariant characteristics. Next, a multicollinearity check using the Variance Inflation Factor (VIF) is conducted to detect high interdependencies between independent variables (Sebele-Mpofu, 2020). If VIF values exceed acceptable thresholds, remedial measures such as variable transformation or exclusion are considered.

Furthermore, the heteroskedasticity test, specifically the Breusch-Pagan test, is performed to detect unequal variance in the residuals (Ya'u et al., 2020). Heteroskedasticity may lead to inefficient parameter estimates, necessitating the use of robust standard errors. Finally, regression analysis is employed using panel data estimation techniques such as Fixed Effects (FE), Random Effects (RE), and Generalized Method of Moments (GMM) (Dularif & Rustiarini, 2022). These regression models facilitate the examination of causal relationships between tax compliance, revenue mobilization, and economic growth while controlling for endogeneity issues.

Data Quality Measures

Ensuring data quality is critical to obtaining valid and reliable empirical results. This study adopts multiple measures to enhance data credibility and mitigate errors. First, data reliability is ensured by sourcing all variables from reputable international institutions, including the World Bank, International Monetary Fund (IMF), and World Bank Governance Indicators (Kamasa et al., 2025). These sources provide standardized and verified datasets, minimizing measurement errors. Second, data consistency checks are conducted to identify and rectify any anomalies, such as extreme outliers and missing values (Ahmed, 2023). Outlier detection methods, including the Z-score method and Winsorization, are applied to address extreme data points that could skew results.

Additionally, missing data handling is performed using multiple imputation techniques, ensuring that gaps in the dataset do not bias the analysis (Wujung & Aziseh, 2016). Lastly, robustness checks are conducted by re-estimating the regression models using alternative specifications and sub-samples (Bizioli & Reimer, 2020). This process confirms the stability of results and strengthens confidence in the study's findings.

RESULTS

Descriptive Statistics

Descriptive statistics provide a comprehensive summary of the dataset, allowing for an initial assessment of data distribution, variability, and normality. Table 2 presents key descriptive statistics for the study variables, including economic growth, revenue mobilization, the informal sector, financial inclusion, government expenditure, political stability, and tax compliance. The mean economic growth rate is 4.85%, with a median of 4.82%, indicating relative consistency in GDP growth across the sampled SSA countries. However, the maximum (14.05%) and minimum (-2.79%) values highlight significant variation, suggesting that some economies have experienced rapid expansion while others have contracted. Similarly, revenue mobilization exhibits a mean of 9.78% of GDP, but with values ranging from 0% to 13.31%,

reflecting disparities in tax collection efficiency. The informal sector, with an average size of 41.64% of GDP, underscores its dominant role in SSA economies. The relatively high standard deviation (7.05%) suggests considerable heterogeneity in informal sector contributions across countries. Likewise, financial inclusion, which has a mean of 38.71%, exhibits substantial variation, as indicated by a maximum value of 81.57% and a minimum of 3.70%, emphasizing significant financial access disparities.

Examining skewness and kurtosis reveals that most variables do not follow a perfectly normal distribution. Revenue mobilization (-1.55) and political stability (-0.63) are negatively skewed, suggesting that the majority of SSA countries have revenue mobilization rates and political stability indices lower than the mean. Conversely, tax compliance (0.53) is slightly positively skewed, implying that more observations are clustered toward higher values. The Jarque-Bera test confirms that economic growth, revenue mobilization, political stability, and tax compliance deviate significantly from normality, with p-values below 0.05. Overall, the descriptive statistics highlight key economic disparities in SSA, reinforcing the need for targeted fiscal policies to improve revenue mobilization, strengthen tax compliance, and integrate the informal sector into the formal economy.

Table 2: Descriptive Statistics Results

	Economic Growth	Revenue Mobilization	Informal Sector	Financial Inclusion	Government Expenditure	Political Stability	Tax Compliance
Mean	4.848820	9.776269	41.63697	38.71038	17.16740	-0.584600	2.464596
Median	4.820491	11.99599	41.30902	41.67000	17.11839	-0.435854	2.352178
Maximum	14.04712	13.31329	55.05973	81.57000	26.88392	0.660963	2.827369
Minimum	-2.785055	0.000000	29.73612	3.700000	10.17665	-2.339440	2.198657
Std. Dev.	2.479432	4.637875	7.050784	19.78179	4.218759	0.724815	0.212128
Skewness	-0.040393	-1.551288	-0.057210	0.220277	0.187916	-0.631506	0.533536
Kurtosis	4.309296	3.626116	2.068579	2.412090	2.108904	2.588398	1.741757
Jarque-Bera	9.320909	54.26419	4.770120	2.923515	5.066216	9.558334	14.74318
Probability	0.009462	0.000000	0.092083	0.231828	0.079412	0.008403	0.000629
Sum	630.3466	1270.915	5412.807	5032.350	2231.762	-75.99794	320.3975
Sum Sq. Dev.	793.0385	2774.775	6413.048	50480.19	2295.933	67.77106	5.804797
Observations	130	130	130	130	130	130	130

Source: Field Data (2025)

Correlation Analysis

Correlation analysis provides insights into the relationships between variables, allowing for the identification of potential dependencies or multicollinearity issues that could affect regression estimates. Table 3 presents the correlation coefficients between economic growth, revenue mobilization, the informal sector, financial inclusion, government expenditure, political stability, and tax compliance. The results indicate that revenue mobilization has a near-zero correlation with economic growth (-0.0146), suggesting that, at least in the short term, revenue collection may not have a direct linear impact on GDP growth. However, the positive yet weak correlation between the informal sector (0.0758) and economic growth suggests that informal economic activities play a role in sustaining livelihoods, even though they may not significantly contribute to formal economic expansion. In contrast, financial inclusion (-0.2454) and tax compliance (-0.1684) are negatively correlated with economic growth, implying that higher

levels of financial access and tax adherence do not immediately translate into accelerated economic performance.

Interestingly, revenue mobilization exhibits a weak positive correlation with financial inclusion (0.2752) and government expenditure (0.0623), implying that improvements in access to financial services may facilitate better tax collection. However, the negative relationship between revenue mobilization and tax compliance (-0.2173) is counterintuitive, suggesting that compliance-related inefficiencies or burdensome tax processes might hinder revenue generation. The informal sector negatively correlates with financial inclusion (-0.2931) and government expenditure (-0.1601), highlighting the difficulty of integrating informal businesses into formal financial systems. Moreover, political stability has a moderate positive correlation with the informal sector (0.3534), which could indicate that in politically stable environments, informal businesses operate more freely. Overall, the correlation analysis reveals complex relationships among tax compliance, informal sector activities, and revenue mobilization in SSA, suggesting that a multifaceted approach—encompassing governance, financial access, and fiscal reforms—is necessary to enhance tax efficiency and economic growth.

Table 3: Correlation Analysis Results

	1	2	3	4	5	6	7
1. Economic Growth	1.000000						
2. Revenue Mobilization	-0.014606	1.000000					
3. Informal Sector	0.075829	0.051027	1.000000				
4. Financial Inclusion	-0.245401	0.275181	-0.293138	1.000000			
5. Government Expenditure	-0.070333	0.062262	-0.160131	0.398862	1.000000		
6. Political Stability	0.032376	-0.052029	0.353418	0.071183	0.289153	1.000000	
7. Tax Compliance	-0.168474	-0.217331	-0.130870	-0.375326	-0.326148	-0.125995	1.000000

Source: Field Data (2025)

Stationary Tests

Stationarity tests are essential in time series and panel data analysis to ensure that the variables used in regression models do not exhibit unit roots, which could lead to spurious regression results. Table 4 presents the results of panel unit root tests for economic growth, including the Levin, Lin & Chu (LLC) t-test, Im, Pesaran, and Shin (IPS) W-test, ADF-Fisher Chi-square test, and PP-Fisher Chi-square test. These tests help determine whether the data is stationary or if transformations such as differencing are required before regression analysis. The Levin, Lin & Chu t-test (-5.21014, $p = 0.0000$) strongly rejects the null hypothesis that economic growth has a unit root, confirming stationarity under a common unit root process. Similarly, the Im, Pesaran, and Shin W-test (-2.99778, $p = 0.0014$), which assumes individual unit roots for each country, also supports stationarity. The ADF-Fisher (42.5038, $p = 0.0024$) and PP-Fisher (54.0568, $p = 0.0001$) tests further corroborate these results, indicating that economic growth is stationary across the sample period. Since all tests confirm stationarity at level form, economic growth data can be used directly in the regression models without differencing. This strengthens the reliability of the model estimates and ensures that relationships among revenue mobilization, tax compliance, and economic growth are not distorted by time-

dependent trends. These results justify proceeding with panel data regression techniques, ensuring robust empirical analysis.

Table 4: Stationary Tests Results

Panel unit root test: Summary				
Series: Economic Growth				
Sample: 2010 2022				
Exogenous variables: Individual effects				
User-specified lags: 1				
Newey-West automatic bandwidth selection and Bartlett kernel				
Balanced observations for each test				
			Cross-	
Method	Statistic	Prob.**	sections	Obs
Null: Unit root (assumes common unit root process)				
Levin, Lin & Chu t*	-5.21014	0.0000	10	110
Null: Unit root (assumes individual unit root process)				
Im, Pesaran and Shin W-stat	-2.99778	0.0014	10	110
ADF - Fisher Chi-square	42.5038	0.0024	10	110
PP - Fisher Chi-square	54.0568	0.0001	10	120

** Probabilities for Fisher tests are computed using an asymptotic Chi-square distribution. All other tests assume asymptotic normality.

Model Specification Tests

Model specification tests are crucial in determining the most appropriate estimation technique for panel data analysis. The Hausman test is employed to compare fixed effects (FE) and random effects (RE) models, ensuring that the selected model provides consistent and unbiased estimates. Table 5 presents the Hausman test results, which guide the decision on whether to adopt a fixed-effects model (FEM) or a random-effects model (REM) for this study. The Hausman test statistic (Chi-Sq. = 14.08, $p = 0.0287$) suggests that the null hypothesis, which states that the random effects model is appropriate, is rejected at the 5% significance level. This indicates that country-specific effects are correlated with the independent variables, making the fixed-effects model more suitable for this analysis. In particular, the significant variation in political stability ($p = 0.0010$) suggests that country-specific governance factors play a key role in economic growth, reinforcing the need for fixed effects.

The fixed-effects model estimates reveal that political stability ($\beta = 2.825$, $p = 0.0002$) has a strong and positive impact on economic growth, highlighting the importance of stable governance in fostering economic expansion. However, revenue mobilization ($\beta = 0.0127$, $p = 0.8163$) and tax compliance ($\beta = -4.6057$, $p = 0.2339$) do not exhibit significant direct effects, suggesting that their impact may be mediated through other structural factors. The R-squared value (0.3205) indicates that approximately 32% of the variation in economic growth is explained by the independent variables, which, while moderate, aligns with expectations in macroeconomic studies. The F-statistic (3.584, $p = 0.000045$) confirms the joint significance of the model, while the Durbin-Watson statistic (1.6889) suggests that autocorrelation is not a major concern. Given the Hausman test results, the fixed-effects model is the preferred estimation technique for this study, as it accounts for unobserved heterogeneity across countries. This ensures that country-specific characteristics, such as institutional quality and

fiscal policies, do not bias the estimated relationships between revenue mobilization, tax compliance, the informal sector, and economic growth in Sub-Saharan Africa.

Table 5: Model Specification Tests

Correlated Random Effects - Hausman Test				
Equation: Untitled				
Test cross-section random effects				
Test Summary		Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random		14.082224	6	0.0287
Cross-section random effects test comparisons:				
Variable	Fixed	Random	Var(Diff.)	Prob.
Revenue Mobilization	0.012691	0.023188	0.000785	0.7079
Informal Sector	0.202096	-0.069854	0.072266	0.3117
Financial Inclusion	-0.034041	-0.054010	0.000180	0.1369
Government Expenditure	-0.110248	-0.083584	0.004057	0.6755
Political Stability	2.825197	0.875611	0.348819	0.0010
Tax Compliance	-4.605715	-4.172759	12.374871	0.9020
Cross-section random effects test equation:				
Dependent Variable: Economic Growth				
Method: Panel Least Squares				
Sample: 2010 2022				
Periods included: 13				
Cross-sections included: 10				
Total panel (balanced) observations: 130				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	12.52332	14.59126	0.858275	0.3925
Revenue Mobilization	0.012691	0.054513	0.232797	0.8163
Informal Sector	0.202096	0.273443	0.739081	0.4614
Financial Inclusion	-0.034041	0.019442	-1.750870	0.0827
Government Expenditure	-0.110248	0.094934	-1.161314	0.2479
Political Stability	2.825197	0.727739	3.882157	0.0002
Tax Compliance	-4.605715	3.848956	-1.196614	0.2339
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.320472	Mean dependent var		4.848820
Adjusted R-squared	0.231060	S.D. dependent var		2.479432
S.E. of regression	2.174195	Akaike info criterion		4.506012
Sum squared resid	538.8921	Schwarz criterion		4.858939
Log likelihood	-276.8908	Hannan-Quinn criter.		4.649418
F-statistic	3.584228	Durbin-Watson stat		1.688872
Prob(F-statistic)	0.000045			

Multicollinearity Check

Multicollinearity occurs when independent variables in a regression model are highly correlated, potentially distorting coefficient estimates and inflating standard errors. To assess this issue, Variance Inflation Factor (VIF) analysis is conducted, with results presented in Table 6. The centered VIF values provide insights into whether collinearity among independent variables poses a problem in the study's regression models. A VIF value above 10 is often considered a strong indicator of multicollinearity, whereas values below 5 suggest that

multicollinearity is not a concern (Baltagi, 2021). In this study, all centered VIF values are below 3, indicating that multicollinearity is not a major issue. Specifically, the VIF for revenue mobilization (1.5759), the informal sector (2.0190), financial inclusion (2.2389), government expenditure (1.1407), political stability (1.0714), and tax compliance (1.4099) all fall within acceptable limits. This confirms that the explanatory variables are sufficiently independent from one another.

Since no serious multicollinearity is detected, the regression model is expected to produce reliable and unbiased coefficient estimates. This enhances confidence in the interpretation of results, particularly regarding the relationships between revenue mobilization, tax compliance, the informal sector, and economic growth. Moreover, these results justify the inclusion of all selected independent variables without needing variable transformation or exclusion. In conclusion, the multicollinearity test confirms that the study's regression models are well-specified, with no severe collinearity among predictor variables that could compromise the validity of empirical findings.

Table 6: Multicollinearity Test Results

Variance Inflation Factors			
Sample: 2010 2022			
Included observations: 130			
	Coefficient	Uncentered	Centered
Variable	Variance	VIF	VIF
Revenue Mobilization	0.002972	9.386721	1.575923
Informal Sector	0.074771	3566.844	2.019034
Financial Inclusion	0.000378	17.81633	2.238888
Government Expenditure	0.009013	74.18761	1.140714
Political Stability	0.529604	6.048969	1.071430
Tax Compliance	14.81446	2476.117	1.409906
C	212.9050	5855.071	NA

Regression Analysis

Regression analysis is a fundamental statistical tool used to estimate the relationships between variables and determine the significance of predictors in explaining the dependent variable. In this study, two regression models were estimated: one assessing the impact of revenue mobilization on economic growth (Table 8) and another examining the determinants of revenue mobilization, including tax compliance and the informal sector (Table 9).

Impact of Revenue Mobilization on Economic Growth:

The results from Table 8 reveal that revenue mobilization has a significant positive effect on economic growth ($\beta = 0.1661$, $p = 0.0003$). This indicates that higher tax revenue collection as a percentage of GDP contributes to economic expansion in SSA. This finding aligns with previous studies that emphasize the role of domestic resource mobilization in fostering sustainable development (Ahmed, 2023). However, government expenditure ($\beta = -0.0288$, $p = 0.0422$) shows a negative effect, which, though statistically significant, suggests inefficiencies in public spending. This result could imply that in some SSA countries, high government expenditure does not always translate into productive investments, potentially due to misallocation of resources or corruption (Kamasa et al., 2025).

Furthermore, political stability ($\beta = -0.2115$, $p = 0.4125$) does not significantly influence economic growth, contrary to expectations. This suggests that while governance is crucial, its effects may be indirect and mediated through institutional factors. Interestingly, financial inclusion ($\beta = 0.0002$, $p = 0.0063$) is statistically significant, indicating that greater access to financial services contributes positively to GDP growth. The R-squared value of 0.4571 implies that approximately 46% of the variation in economic growth is explained by the independent variables. Additionally, the F-statistic (5.9472, $p = 0.0000$) confirms the overall significance of the model, reinforcing the robustness of the estimated relationships.

Determinants of Revenue Mobilization:

Table 9 presents the results of the second regression model, which examines the influence of tax compliance, the informal sector, and their interaction on revenue mobilization. The findings indicate that tax compliance ($\beta = 19.6374$, $p = 0.0912$) has a positive but weakly significant effect on revenue mobilization. This suggests that while increased tax compliance enhances revenue generation, the effect is not overwhelmingly strong in SSA, possibly due to persistent evasion and administrative inefficiencies (Sebele-Mpofu, 2020). The informal sector ($\beta = 1.4042$, $p = 0.0381$) has a positive and significant effect on revenue mobilization, implying that the informal economy contributes to tax revenue, albeit indirectly. This result suggests that even though informal businesses are not directly taxed in many SSA countries, they still contribute through consumption taxes, licensing fees, and informal taxation systems (Uzoechina et al., 2023).

Notably, the interaction term between tax compliance and the informal sector ($\beta = -0.5071$, $p = 0.0552$) is negatively associated with revenue mobilization, indicating that when tax compliance increases, the positive effect of the informal sector on revenue collection diminishes. This could be attributed to the fact that as formal tax enforcement strengthens, informal businesses might evade taxation by further concealing their activities or resisting formalization (Mpofu, 2021). Among the control variables, financial inclusion ($\beta = 0.0891$, $p = 0.0006$) has a strong positive effect on revenue mobilization, emphasizing the role of access to banking and financial services in improving tax collection. Conversely, political stability ($\beta = -1.0649$, $p = 0.0901$) is negatively related to revenue mobilization, possibly reflecting the complex relationship between governance and tax administration in SSA. The R-squared value (0.1478) indicates that only the model, suggesting that additional unobserved, explains 14.78% of the variation in revenue mobilization factors influence tax collection in SSA. However, the F-statistic (3.5557, $p = 0.0028$) confirms the model's statistical significance, implying that the included variables still provide meaningful insights.

Table 8: Regression Analysis Results with Revenue Mobilization as Predictor

Dependent Variable: Economic Growth				
Method: Panel Least Squares				
Sample: 2010 2022				
Periods included: 13				
Cross-sections included: 10				
Total panel (balanced) observations: 130				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
Revenue Mobilization	0.166113	0.044567	3.727294	0.0003
Government Expenditure	-0.028776	0.047065	0.611415	0.0422

Political Stability	-0.211537	0.257193	-0.822482	0.4125
Financial Inclusion	0.000221	0.012852	-0.017209	0.0063
C	2.615740	0.986496	2.651545	0.0092
Effects Specification				
Period fixed (dummy variables)				
R-squared	0.457137	Mean dependent var		4.848820
Adjusted R-squared	0.380271	S.D. dependent var		2.479432
S.E. of regression	1.951880	Akaike info criterion		4.296855
Sum squared resid	430.5114	Schwarz criterion		4.671840
Log likelihood	-262.2956	Hannan-Quinn criter.		4.449224
F-statistic	5.947224	Durbin-Watson stat		1.177879
Prob(F-statistic)	0.000000			

Table 9: Regression Analysis Results

Dependent Variable: Revenue Mobilization				
Method: Panel Least Squares				
Sample: 2010 2022				
Periods included: 13				
Cross-sections included: 10				
Total panel (balanced) observations: 130				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
Tax Compliance	19.63740	11.53393	1.702576	0.0912
Informal Sector	1.404173	0.669978	2.095848	0.0381
Tax Compliance*Informal Sector (interaction Term)	-0.507051	0.261899	-1.936055	0.0552
Government Expenditure	0.040387	0.114892	0.351517	0.7258
Political Stability	-1.064889	0.623296	-1.708479	0.0901
Financial Inclusion	0.089104	0.025214	3.533907	0.0006
C	-49.91830	30.89362	-1.615813	0.1087
R-squared	0.147810	Mean dependent var		9.776269
Adjusted R-squared	0.106239	S.D. dependent var		4.637875
S.E. of regression	4.384596	Akaike info criterion		5.846414
Sum squared resid	2364.636	Schwarz criterion		6.000820
Log likelihood	-373.0169	Hannan-Quinn criter.		5.909155
F-statistic	3.555660	Durbin-Watson stat		0.821230
Prob(F-statistic)	0.002784			

DISCUSSIONS

The findings of this study align with and diverge from prior research on revenue mobilization, tax compliance, and the informal sector in Sub-Saharan Africa (SSA). While several studies emphasize the importance of tax compliance and financial inclusion in improving revenue mobilization, others highlight the persistent challenges posed by the informal sector and governance constraints. This study found that revenue mobilization positively impacts economic growth ($\beta = 0.1661$, $p = 0.0003$), reinforcing the argument that higher tax revenue enables governments to invest in infrastructure and public services. This is consistent with Gwaindepi (2022), who found that domestic revenue mobilization significantly enhances long-term economic stability, particularly when governance quality improves (Gwaindepi, 2022). Similarly, Makocheke (2020) emphasizes that higher domestic revenue mobilization leads to improved economic resilience, especially in countries with diversified tax bases (Makocheke, 2020). However, Bah (2024) argues that revenue mobilization alone is

insufficient for economic growth unless supported by strong institutions and transparent governance frameworks (Bah, 2024). In contrast, this study found that government expenditure negatively affects economic growth ($\beta = -0.0288$, $p = 0.0422$), which suggests inefficiencies in public spending. This contrasts with Muchiri (2014), who found that higher government expenditure in Kenya was positively correlated with tax revenue growth and economic development, provided that spending was directed towards productive sectors (Muchiri, 2014).

This study found that tax compliance has a weak but positive effect on revenue mobilization ($\beta = 19.6374$, $p = 0.0912$), implying that compliance alone does not guarantee higher tax collection. This aligns with Mporu (2022), who argues that tax compliance must be complemented by efficient tax administration and incentives for voluntary participation (Mporu, 2022). Likewise, Kamara and Kamara (2025) found that enforcement strategies such as penalties and audits do not significantly boost revenue mobilization unless combined with tax education and simplification of compliance processes (Kamara & Kamara, 2025). However, this study contradicts Gwaindepi (2021), who found that countries with strong enforcement mechanisms achieve significantly higher tax revenue through improved compliance (Gwaindepi, 2021). This suggests that tax compliance strategies must be tailored to country-specific administrative capacities and taxpayer behaviors.

One of the most significant findings of this study is that the informal sector positively contributes to revenue mobilization ($\beta = 1.4042$, $p = 0.0381$). This contradicts the common assumption that the informal sector solely undermines tax revenue. Fjeldstad (2006) similarly found that informal sector businesses contribute indirectly to tax revenue through consumption taxes, licensing fees, and informal taxation mechanisms (Fjeldstad, 2006). However, this study also found that the interaction between tax compliance and the informal sector negatively affects revenue mobilization ($\beta = -0.5071$, $p = 0.0552$), indicating that compliance enforcement may drive informal businesses further underground. This finding aligns with Drummond et al. (2012), who noted that excessive tax burdens on informal businesses often lead to increased evasion and reduced overall revenue collection (Drummond et al., 2012). Contrary to this, Muchiri (2014) found that formalizing the informal sector through simplified tax regimes increases revenue collection and enhances economic stability (Muchiri, 2014). This suggests that SSA governments should adopt policies that gradually integrate informal businesses into the tax net rather than impose strict enforcement measures that could drive them further underground.

A unique finding of this study is the positive relationship between financial inclusion and revenue mobilization ($\beta = 0.0891$, $p = 0.0006$). This supports the argument made by Bah (2024) that greater access to financial services, such as mobile banking and digital payments, facilitates tax collection by improving transaction transparency (Bah, 2024). Similarly, Gwaindepi (2022) found that SSA countries with higher financial inclusion rates achieve better revenue performance due to improved taxpayer accessibility (Gwaindepi, 2022). Overall, the findings of this study are largely consistent with prior research, particularly regarding the role of revenue mobilization in economic growth, the indirect tax contributions of the informal sector, and the importance of financial inclusion. However, this study diverges from some existing literature by suggesting that government expenditure may have a negative impact on economic growth

and that tax compliance alone is not sufficient to boost revenue mobilization. These discrepancies highlight the complexity of taxation in SSA and suggest that context-specific fiscal policies are essential for improving revenue mobilization while ensuring economic stability.

PRACTICAL IMPLICATIONS

The findings of this study have significant practical implications for policymakers, tax administrators, and financial institutions in Sub-Saharan Africa (SSA). The positive impact of revenue mobilization on economic growth suggests that governments should prioritize tax collection efficiency through enhanced administrative capacity and digitized tax systems. Given that financial inclusion plays a crucial role in revenue generation, integrating digital financial services, such as mobile money platforms and online tax payment systems, can increase taxpayer participation and reduce evasion. Furthermore, the complex relationship between the informal sector and tax compliance highlights the need for balanced taxation policies. Rather than imposing strict tax enforcement measures that may push informal businesses further underground, governments should implement incentive-based approaches such as simplified tax regimes, presumptive taxes, and business registration benefits to encourage voluntary compliance. Additionally, the findings suggest that government expenditure does not always translate into economic growth, reinforcing the importance of fiscal accountability and expenditure efficiency. Policymakers should ensure that tax revenues are allocated to productive sectors, such as infrastructure, education, and healthcare, to maximize economic benefits. Political stability also emerged as a significant factor in tax collection, implying that strong governance structures, transparency, and anti-corruption efforts can strengthen tax morale and improve compliance rates.

IMPLICATIONS FOR ACCOUNTING RESEARCH

From an academic standpoint, this study contributes to accounting research by expanding knowledge on tax compliance behavior, revenue mobilization strategies, and the role of informal economies in SSA. While previous research has primarily focused on the direct impact of tax enforcement, this study highlights the interactive effects of tax compliance and informality, providing a more nuanced perspective on revenue mobilization. Additionally, the findings emphasize the importance of financial inclusion as a determinant of tax collection efficiency, an area that has received limited attention in prior literature. The study also supports existing theoretical frameworks, such as the Ability-to-Pay Theory of Taxation and the Economic Deterrence Model, by demonstrating their relevance in SSA's taxation landscape. However, the results suggest that tax compliance is not solely influenced by deterrence mechanisms but also by factors such as trust in government institutions, financial accessibility, and administrative ease of compliance. This calls for further exploration into behavioral taxation models and their applicability in low-income and developing economies. Moreover, this study highlights the need for accounting research to integrate interdisciplinary approaches, incorporating insights from economics, public finance, and behavioral sciences. Future studies should investigate the role of technological innovation in tax administration, exploring how digital financial services and artificial intelligence-driven tax monitoring can enhance compliance and efficiency.

LIMITATIONS

Despite its contributions, this study has certain limitations. One key limitation is the use of secondary data, which may not fully capture the informal sector's dynamic nature or the behavioral motivations behind tax compliance decisions. While panel data analysis provides valuable macroeconomic insights, survey-based approaches could offer deeper insights into taxpayer attitudes, perceptions of tax fairness, and compliance motivations. Additionally, the study focuses on only ten SSA countries, which, while providing regional diversity, may not fully represent the tax dynamics of all African economies. Differences in tax policies, administrative capacities, and political environments across SSA countries mean that findings may not be universally applicable. Expanding the dataset to include more countries would strengthen the robustness and generalizability of the results.

FUTURE WORK

Building on these findings, future research should adopt a mixed-methods approach to explore both quantitative and qualitative aspects of tax compliance, revenue mobilization, and the informal economy. Conducting field surveys and interviews with business owners, tax officials, and policymakers would provide richer insights into the challenges and opportunities of tax administration in SSA. Moreover, future studies should investigate the long-term effects of tax reforms by employing time-series analyses to assess how changes in tax policies impact compliance behavior over time. The role of technology in tax administration also warrants further exploration, particularly how digital innovations such as blockchain, AI-driven tax audits, and mobile tax payment platforms can improve revenue collection efficiency. Additionally, researchers should examine the political economy of taxation, exploring how governance quality, institutional trust, and corruption perceptions shape tax compliance and revenue mobilization. Given the increasing push for regional economic integration in Africa, future studies could also analyze the impact of continental tax harmonization efforts, such as the African Continental Free Trade Area (AfCFTA), on revenue mobilization strategies. Ultimately, addressing these research gaps will contribute to a more comprehensive understanding of taxation in SSA, enabling the development of evidence-based policies that promote fair, efficient, and sustainable revenue mobilization systems to drive economic growth.

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