EMPLOYMENT OF INTEGRATED APPROACHES AND GROWTH OF REVENUE COLLECTION IN KAKAMEGA COUNTY, KENYA.

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DECLARATION

I declare that this research is my authentic work and has never been exercised for the award of degree or any recognized academic qualification in any University. This project contents in part or wholly should not be replicated without the authority of the author and/or Kenyatta University.

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This Research Project has been prepared with my guidance as the appointed University Supervisor.

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DEDICATION

This inquest is devoted to my sons Shane Munyendo and Jabez Bakasa, my spouse Edina Musundi and the entire Ndakalu's family for their continuously supporting and encouraging me throughout my academic journey.

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ABBREVIATIONS AND ACRONYMS

GoK:	Government of Kenya
ICPAK:	Institute of Certified Public Accountants in Kenya
ICT:	Information and Communication Technology
IGFs:	Internally Generated Funds
KRA:	Kenya Revenue Authority
LGRCIS:	Local Government Revenue Collection Information System
MCA:	Member of County Assemblies
OSR:	Own-Source Revenue
PPP:	Public - Private Partnerships
RBV:	Resource Based View
SMEs:	Small and Medium Enterprises
SPSS:	Statistical Package for Social Sciences
TAM:	Technology Acceptance Model
TRA:	Theory of Reasoned Action
UK:	United Kingdom
US:	United States

OPERATIONAL DEFINITION OF TERMS

Integrated Approaches: A problem-solving method that seeks to provide a comprehensive, multifaceted solution to a problem that appears to manifest in multiple dimensions. By making use of integrated approaches, a problem is analyzed in all its aspects, not just one aspect; then a solution is formulated that corresponds to all the aspects of the problem.

Revenue Collection: Means by which public bodies, particularly national, regional and local governments accumulate funds to service their development and service provision endeavors through levying taxes, imposing fines and rates and collecting funds for use of public spaces and utilities by the public.

Corporate Culture: The behavior of county officers, particularly in the revenue collection department, which may enhance or hamper revenue collection. This also encompasses the county government's general approach to the revenue department i.e. in terms of prioritizing manpower training, having the right staffing levels and other factors that are central to increased revenue collection.

Tax Payer/Public Education: The strategies taken by the county government to enhance the knowledge and disseminate to the county residents on the need to pay taxes so that it can raise enough revenue. This is achieved by means of methods like programs and other avenues for training the public on their tax responsibilities.

Technology Employment: The county's investment in modern technology, particularly information and communication technology for purposes of upgrading the revenue structures to enhance integration and information sharing to result in the efficacy and usefulness of the revenue collection system.

ABSTRACT

Devolved governments through the whole of Africa are pressed by the need to deliver adequate and efficient services which call for increased revenue collection. Many counties in Kenya have not been meeting their yearly own source revenue collection targets, including Kakamega County. This paper particularly focused on corporate culture, revenue automation and taxpayer education as the key drivers of increasing revenue collection. Its objectives were: To examine the effect of corporate culture on revenue collection in Kakamega County, Kenya, to determine the effect of employment of technology on revenue collection in Kakamega County, Kenya, and to establish the effect of taxpayer education on revenue collection in Kakamega County, Kenya. The findings will be beneficial to both county and national governments by providing insights on how to maximize revenue collection at the county level. The study aimed at employing an integrated approach to upscaling revenue collection in Kakamega County by examining corporate culture, revenue collection automation and taxpayer education. The study concentrated on the Finance Department of the County Government of Kakamega. The study was hinged on the Optimal Tax Theory by Ramsey et al. (1928), the Agency Theory by Jensen and Meckling (1976), the Technology Readiness Theory by Pastorman and Colby (2001) and the Technology Acceptance Model by Davis (1989). The descriptive case study design was applied in this study which seeks to have 210 respondents from 442 senior and middle level employees in the Finance Department within the Kakamega County Government. Primary and secondary data was employed, with questionnaires being the main tool for data collection. Construct and content validity were assured by ensuring that the questionnaire captures, in its sections, all objectives; and by subjecting the questionnaire to thorough examination by the supervisors respectively. Collected data was analyzed by means of the Statistical Package for the Social Sciences. The inquiry found that that the effect of corporate culture on revenue collection is negative and statistically insignificant, whereas employment of technology on revenue collection and taxpayer education on revenue collection in the county are positive and statistically significant. The regression model was statistically significant in making conclusive judgment on the relationship between integrated approaches and revenue collection in Kakamega County. The study completed its inquiry by confirming that employment of technology has a positive and significant effect on revenue collection in Kakamega County, Kenya. It also concluded that employment of technology has a positive and significant effect on revenue collection in Kakamega County, Kenya.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The colonial era in Kenya witnessed the establishment and running of devolved units i.e. local governments which were fairly autonomous and made significant amounts of revenue. However, after independence, local authorities were emasculated as they developed a reputation for incompetence (Oloo, 2008). Oloo (2008) further states that when African politicians took over power at independence in Kenya, they consolidated or recentralized power. In the process, the local authorities and their constituents were undermined.

Devolved governments all over Africa are pressed by the need to deliver adequate and efficient services. For this reason, they need to find new innovative techniques for enhanced revenue collection (Cheema & Rondinelli, 2012). In 2010, Kenya adopted a new constitution in which power and resources were devolved from the central government to 47 regions or counties (Constitution of Kenya, 2010). However, as at 2016, the counties were still heavily reliant on disbursements from the national government, with only three of them meeting the set targets for revenue collection (Kimanthi, 2018). The Controller of the Budget was reported as having advised county governments to come up with and implement strategies to generate own sources of revenue" (Kimanthi, 2018).

While devolution called upon county governments to convey decision making process nearer to the publics (Constitution of Kenya, 2010), it came with a responsibility by the county governments to ensure that they address the emerging needs in their localities by quality service delivery (Munyao, 2018). Munyao (2018) continues to report that county governments cannot succeed in implementing their programmes without the required financial muscles. Consequently, county governments can collect taxes from land rates, applicable fines, tolls from stations, charges and fees among other local resources for underwriting their development ventures (Karimi, Maina, & Kinyua, 2017). According to Kinoti & Kagiri (2016), the national government has been concerned about a drop in mobilization of resources and revenue misuse at the county government tier. County governments are therefore advised to upscale revenue

collection within their areas of jurisdiction while simultaneously ensuring prudent use of collected revenues.

This study sought to look at three dimensions through which revenue collection in counties in Kenya can be upscaled: corporate culture, employment of technology and taxpayer education. These three complimentary planks constitute for an ideal integrative approach to offer a complete solution to the low revenue collection in the county of Kakamega as it touches on county employees and technology employment on the one hand, and the education of the payers of the taxes on the other hand.

1.1.1 Integrated Approaches

Integrated approaches have become the main strategy that many problem solvers turn to in order to tackle complex or multifaceted problems. Integrative thinking is the forerunner of integrated approaches and is described as the ability to generate a creative solution that involves incorporating the elements of two opposing ideas in a way that is better than either idea (Martin, 2009). Integrative thinking is open to learning from the ideas of others and employs a multi-perspective approach to opposing models. Integrative thinking then reframes the problem at hand with an aim of resolving it differently, and this leads to new, innovative and sometimes unorthodox solutions to problems.

Similarly, the employment of an integrated approach to solving a problem demands that the problem is not looked at in isolation or through the presenting manifestations or symbols; but that underlying factors or issues are also examined. In this case, there are three forces around revenue collection: county human resource (the county revenue collection officers), the taxpayers or rate payers and technology. A successful solution to upscale the cumulation of revenue by the County Government of Kakamega therefore needs to involve these three aspects. It is therefore crucial for any solution to upscale revenue collection by any authority, in this case the county government of Kakamega, to squarely address the revenue collectors, being the personnel of the Revenue Collection Department of the County Government of Kakamega, the methods by which they collect revenue (i.e. technology), and the rate payers of the county.

The three distinct but related causes of reduced revenue collection in Kakamega County are complex and interrelated, and approaching the issue of revenue collection from one aspect only does not serve lasting justice to the malaise of low revenue collection. Complex problems require complex solutions, as integrative thinkers recognize that complex problems invariably lead to a 'messier problem.' However, integrative thinkers welcome the mess because it shows them that they have not worked on the problem comprehensively; their liking for complexity is because it provides the best solutions (Martin, 2009).

Corporate culture, according to Magee (2002), is the set of values and assumptions that guide the behavior of employees of a given corporate entity. These values, principles and assumptions determine how employees relate to each other and other stakeholders. Barney (2012) says that corporate culture has a huge effect on a corporation because it defines its employees, clients, competitors, and suppliers are and sets rules on how to interact with them. In the ongoing relationship between Kakamega County revenue staff and rate payers, it is clear that the relationship has been unhealthy, i.e. detrimental to revenue collection. There is therefore need to reverse this trend of affairs.

The use of technology has been reported to upscale the collection of revenue as the elimination of the human element ensures that the rate payer interacts with the revenue system directly. Otieno *et. al.* (2013), in an inquiry on the consequence of information systems on revenue collection in Homa Bay County, Kenya discovered that computerized information systems have a direct positive relation to increases in income. It is therefore imperative that Kakamega County embraces technology in a bid to surmount the key challenge of low own source revenues collected.

Taxpayer education is a critical factor in raising revenues for any tax collecting authority such as the County Government of Kakamega. Mohd (2005) says the level of knowledge about taxes is key in shaping how taxpayers perceive taxation and their general attitude towards tax. Robert's *et. al.* (1994) also say that misperception plays a big role in shaping fairness perceptions, attitude to one's tax obligations as well as attitude towards others' tax obligations. The current rampant negative perception of taxation by the residents of Kakamega County needs to be met with thorough voter education to improve the image of the county.

This then calls for some solutions to focus on the revenue collectors, others on the means of collection while others should focus on the rate payers. All these should be done in a coordinated and harmonious way that beings these two actors and one component that simultaneously helps the county to score highly in the area of increased revenue collection. This is the principal aim of this study.

1.1.2 Growth of Revenue Collection

Kakamega County is one of 47 counties in Kenya, and is ranked fourth in population size after Nairobi. It is therefore one of the largest counties outside the capital city of Kenya. The Constitution of Kenya 2010 sanctions county governments to look for revenues to finance their operations, and this is done through charging of rent, rates and fees of various types (Constitution of Kenya, 2010). The county's headquarters is Kakamega Town, which is the biggest and most developed town, followed by Mumias Town. The county's website also further states that the county has several towns such as Malava, Malaha, Likuyani, Khwisero, Matungu, Matete, Lugari, Likuyani and Nangili; and the only natural forest along the equator in the world, Kakamega forest. Some cash crops grown in the county include sugarcane, maize, tea and rice. For this purpose, the county has a number of factories to process the produce of the county (www.kakamega.co.ke).

All the preceding constitutes sources of revenue for Kakamega County, with traders who have shops and those who sell in the open in the markets across all the towns being eligible to take yearly licenses or pay-as-you-sell receipts to pay taxes. Additionally, big corporate bodies such as banks, private corporations and some government agencies operating within the county also pay rates to the County Government of Kakamega. Additionally, public vehicles and boda boda motorcycles are subject to paying rates to the county government at various points on the county's network of roads, while private vehicles pay parking fees in the big towns. Other sources of revenue for the county constitute hotels, supermarkets, abattoirs, and other such utilities. The county government also collects rates from plot owners in the urban areas under lease where an annual land rate is charged per plot (Masungo *et al*, 2015).

Over the last few years, the cumulation of funds by the County Government of Kakamega has been wanting; the collection has been particularly low when compared

to the revenue collected by other large counties like Nairobi and Kiambu. This has been an issue that the county authorities have really been grappling with, with the consensus being that this happens because of inefficiency and corruption within the revenue collection system.

Table 1.1: Revenue Collection in Kakamega County 2015-2018

	2015-2016	**2016-2017**	**2017-2018**	**2018-2019**
Revenue collection from rates, fees, fines and taxes (Kshs.) in Millions	650	478	500	890

Source: County Government of Kakamega (2020)

1.1.3 County Government of Kakamega

County Government of Kakamega is duly established as per the Constitution of Kenya 2010 which consents for a delegated system of authority (Constitution of Kenya, 2010). The County Government has 12 sub-counties, which also adds up as constituencies with 60 wards. In order to facilitate functionality, the county government has employed town managers, ward administrators and community administrators. The county has a vibrant law enforcement unit consisting of county *askaris* or county policemen who enforce compliance within the urban areas in such areas as tax paying, parking of vehicles, refuse dumping, etc. (Werner, Otieno, & Wakhungu, 2011).

Kakamega County being easily one of the biggest county in terms of population and number of administrative areas outside Nairobi means that the county government has had to employ a higher than average number of administrators across the county departments compared to other regions in the country (Ngetich, 2013). Further compounding the challenge of the county government of Kakamega raising its own sources of revenue to complement the county's allocation received from the national government because the national government quotas can never be sufficient for covering the county government's wide array of needs.

The county government authorities reckon that there is a lot of leakage in the county's revenue collection process. These leakages are usually occasioned by corruption, theft, collusion with tax payers, evasion of tax by rate payers, and simple negligence (Benton, 2003). The methods by which the county government has been collecting taxes prior to the introduction of a mobile telephone pay bill have also been wanting, i.e. through receipts which were subject to a lot of manipulation by the revenue collecting personnel. In the past, some of the said personnel could print their own receipts and use these to collect revenue that they would pocket. Some politicians have also mounted incitement campaigns involving the boda cyclists to refuse to pay rates to the county government. Collusion between county revenue officials and traders to pay less for their annual trade licenses is also rife. All this has contributed to non-optimal resource cumulation by the County Government of Kakamega.

Given the expansive nature of Kakamega County in terms of revenue collection opportunities, corruption is bound to be a factor in limiting the efficiency of revenue collection. The Kenya National Commission of Human Rights, in its paper titled, "Background Paper on Revenue Transparency Management," cited Kakamega County prominently as a county where "there is corruption in revenue collection and control by cartels of the country government's revenue collection" (KNHRC, 2018). This shows that the issue of corruption is deeply entrenched in the County Government of Kakamega and it needs to be shed off if the government is to make some leeway in revenue collection.

The Governor of the County decries corruption in the County's revenue system. Citing an improvement in 2018, the Governor reported an increase in revenue collection to Kshs 890 million from Kshs500 million that year. He cites rampant corruption, bad attitude towards work and dishonesty among county employees as major challenges (County Government of Kakamega, 2019). It was therefore within the purview of this paper to examine the issue of corruption and collection of revenue within the County Government of Kakamega.

1.2 Statement of the Problem

As per the specific Report of Controller of Budget, the revenue gathered Kakamega County being one of the selected fourteen counties in Kenya, indicated a decline in

revenue lower than the projected amounts of the 2016/2017 financial period. In particular, the Controller of Budget reported that Busia, Garissa, Isiolo, Kilifi, Kakamega, Kajiado, Kitui Kirinyaga, Kisii, and Machakos are among the counties that did not meet half of their revenue targets. The Controller, however, praised Kakamega County together with Turkana, and Mandera for being the counties that spent the highest amounts of money on development. In the year 2016/2017, Kakamega County government collected only Kshs. 449,487,475 in revenue against the projected target of Kshs. 1bn, (Kakamega County Government, 2018). For a large county such as Kakamega which has many sources of revenue and a large population to serve (fourth in size in Kenya), low revenue collection severely impairs the county's efforts to develop and provide its residents with the required services (Mugambi & Theuri, 2014).

This trend was seen in the financial period 2016/2017 where the revenue generated by county weakened to 81.9 million constituting to approximately 23% of the projected annual revenue. Nevertheless, a dismal rise was noted in the verified revenue realized in the financial period 2017/2018 to 87 million up from 82 million in the financial period 2016/2017 compared to its goal of nearly 250 million. The proportional rise towards the realization of projected revenue only arisen as product of diminished resource projections. The direction tendency in dismal performance is equally reinforced by another statement from Office of Controller of Budget who exhibited that arising from 2016, county had obtained capital in arrears valued at Kshs. 460,000,000 (Republic of Kenya, 2016). Counties' over-dependence on the National Government for revenues to an extent of counties advocating for a referendum to achieve an increment in appropriation is worrying. This hint at the fact that there remains a countless number of obstacles in resource mobilization at County level.

The inability of county governments to collect sufficient revenues, together with inefficient utilization of funds and historic delays of disbursements to the counties from the national government all constitute a constellation of factors that lead to derailing of county government projects, poor service delivery, strikes and go-slows by county government officers and general anarchy within the counties. Kinyanjui, & Misaro, (2013) state that a continuing state of county governments underperforming in their role of collecting revenue to complement the national government's

disbursements also constitutes a strain on the latter government which will be overburdened by increased financial demands from underperforming counties.

Kakamega County presents an interesting case for study as it is among the top four counties in terms of population, yet it continues to lag behind in revenue collection. Nairobi County recorded a revenue collection of Kshs. 10.1bn in 2017/2018 whereas Kiambu County collected Kshs. 1.16bn. in the same period (Mugambi, & Theuri (2014). A poor corporate culture i.e. corruption among revenue collection officers, lack of technology and low levels of taxpayer education are key factors that are responsible for low revenues collected by county governments. This paper sought to address the issue of revenue collection in Kakamega County vis-à-vis the three dynamics of poor corporate culture, lack of technology and low levels of taxpayer education.

1.3 Objectives of the Study

The study outlined the general objective from which three specific objectives were drawn from.

1.3.1 General Objective of the Study

The chosen general objective was Employment of Integrated Approaches and Upscaling of Revenue Collection in Kakamega County, Kenya.

1.3.2 Specific Objectives of the Study

i. To examine the effect of corporate culture on revenue collection in Kakamega County, Kenya.
ii. To determine the effect of employment of technology on revenue collection in Kakamega County, Kenya.
iii. To establish the effect of taxpayer education on revenue collection in Kakamega County, Kenya.

1.4 Research Questions

i. Corporate culture has no significant effect on revenue collection in Kakamega County, Kenya

ii. Employment of technology has no significant effect on revenue collection in Kakamega County, Kenya
iii. Taxpayer education has no significant effect on revenue collection in Kakamega County, Kenya

1.5 Significance of the Study

The pronouncements of this work comes with great importance to a number of participants. First, county government administrators will find the findings of this study useful in providing them with a raft of measures that constitute an integrated framework towards upscaling revenue collection in their counties. The targeted county will also find this study useful as it will point out the major areas of weakness in revenue collection and provide concrete measures to address these areas.

The study findings will provide a framework for integrating technology in county revenue collection, and this is an aspect that is of interest to county governments. This study will additionally be useful to the taxpaying residents of Kakamega County and other counties as it will bring out the best case for the adoption of technology in matters of revenue collection.

The national government (particularly parliament, senate, treasury, the office of the auditor general and the office of the controller of budget) will find this report useful as it will provide useful recommendations that can be replicated throughout the country for accelerated revenue collection in all counties.

1.6 Scope of the Study

The probe restricted itself into specifically addressing three issues of corporate culture (corruption among revenue collection officers), employment of technology in revenue collection and taxpayers' education against revenue collection in Kakamega County. The research consequently targeted senior and middle level officers in the county government of Kakamega. These officers were drawn from the Finance Department of the county government. The research is set to be undertaken in a period of four months, from March to June 2020.

1.7 Limitation of the Study

The shortcomings that came into play in the course of undertaking this study are as follows: first, financial matters are highly secret and emotive issues within public bodies such as the County Government of Kakamega. The researcher anticipated this to express itself through lack of candidness on the part of the respondents together with an unwillingness to divulge information that is pertinent to this study. The researcher, however, acted expeditiously in assuring the study respondents of the privacy of the data that they provided. He also assured them that this research is for purely academic purposes.

This research also anticipated meeting resistance in accessing financial documents that are pertinent to it. This is because financial documents are regarded as confidential by most public and private authorities. The researcher, however, clarified that the study was only meant for academic reasons in order to persuade the custodians of these documents to release them.

The researcher lastly anticipated that since county governments were only recently established (only after the election of 2013), proper systems have not been put in place in many areas, revenue collection included. This includes staff, procedures, and equipment. Therefore, there were limitations, particularly in the capacity of the county staff in matters of finance. This was however overcome by interviewing more than one cadre (top and middle) of staff in a given section to corroborate the responses.

1.8 Organization of the Study

This project was divided into five distinct sections. Initial section focused on the grounding issues pertaining the study, problem statement, research objectives, scope, study significance as well as the study limitations. Chapter Two, the researcher reviewed existing literature. The theoretical review, empirical work in addition to the conceptual framework of the study were provided. The third chapter focused on the design of the study, population, sampling, data collection instrument and procedures, analysis of data and ethical considerations. Chapter Four brings out the analyzed data and its interpretation, with both general information and descriptive statistics being presented. Finally, the final Chapter includes the summary, conclusions and the study recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This part begins by analyzing the theories related to this study. This is followed by empirical studies on issues related to the study variables; together with a critique of the existing gaps in research. Last but not least, the theoretical framework for the study is outlined.

2.2 Theoretical Literature Review

2.2.1 Optimal Tax Theory

This theory, developed by Ramsey *et al* (1928), hypothesizes that a tax system must be carefully chosen to make best use of the social welfare function subject to a set of constraints. Ramsey sought to regulate consumption tax rates (under detailed constraints) so that the loss of utility is kept to a minimal. The theory sought to evaluate by what means the government can take full advantage of social welfare through transfers of taxes, without causing an increase in the expense of the tax obligation (Prichard, 2010).

The Optimal Tax Theory exemplifies a resource egalitarian view of distributive justice to a large extent (Holniker, 2005). Nevertheless, the thinking around this theory's principles insists on efficiency, rewards, as well as the information that decisions provide about a person's well-being. This theory articulates that optimal taxation is dependent on the charge on tax and its means of collection to ensure fair redistribution of wellbeing.

This theory is thus appropriate to this study because it makes it easier to rationalize a variety of behaviors inside the Kakamega County administration, including corporate culture and use of technology effect on the level of tax revenue collected. This theory further posits that a positive corporate culture, employment of technology and taxpayer education will reduce the time and costs in tax collection and in addition contributes to the taxes imposed being ideal thereby translating to an improved revenue collection (Everest-Phillips, 2010). Optimal taxes are likely to attract greater

compliance by the taxpayers in paying them and this will cause an upscale in the revenue collected by the County of Kakamega.

2.2.2 The Agency Theory

The Agency Theory observes the connection between the owners of enterprises on the one hand ("principals") and the people in charge of the actual running of the enterprises, ("agents") (Jensen and Meckling, 1976). Nominally, the principals give the agents some authority to carry out activities on their behalf. The ideal situation is that the agents' interests have to align with the principals' interests in order to achieve harmonious engagement between the two parties. In the case of Kakamega County, the agents are the executive arm of the county whereas the principals are the electorate of the county. Negative corporate behavior such as misappropriation of funds and corruption are manifestations of the problem of agency in financial management. In counties, the county executives sometimes feel that they can pursue their own agenda in exercising the functions of the county whereas all this is done at the risk of the objective welfare of the electorate of the county. This theory was therefore pivotal in establishing whether the principal-agent relationship in Kakamega County is the right one or not. Negative corporate culture is a manifestation of the existence of a poor relationship between the taxpaying populace of Kakamega County (the principals) and the employees of the county government (the agents).

2.2.3 Technology Acceptance Model

This model which is credited to Davis (1989) explains the general elements of computer recognition can aid in the understanding of user behavior across a wide range of end-user computer technologies and user demographics. Perceived Usefulness (PU) and Perceived Ease of Use (PEU) are tested by this model. Perceived Usefulness refers to the prospective user's personal probability that using a specific system will increase his or her performance. The term "perceived ease of use" relates to how much a potential user expects the system to require the least amount of effort (Davis, 1989). In the situation of the County of Kakamega, it was interesting to measure the perceived usefulness and the perceived ease of use of the e-payment system for rate payers of the county. This theory therefore was used to gauge the level

of acceptance by the taxpayers of the technologies that are employed by the County Government of Kakamega in a bid to upscale revenue collection.

2.3 Empirical Literature

2.3.1 Corporate Culture and Revenue Collection

Corporate culture in the county governments of Kenya portrays characteristics that hinder rather than enhance revenue collection. Simiyu (2010) undertook a study concentrating on "Challenges affecting Collection of Turnover Tax in Nairobi County, Kenya". From the analysis he recognized that tax officers receive inducements when obtainable to reduce tax liability and that when they are visited, they want bribes. This had a big negative effect on the collection of revenue by the county. These findings are comparable to those of studies by Pashev (2006) and Chiumya (2006) that found out that turnover tax collection was obstructed by reduction of deductions and conspiracy by County Government revenue collectors. In exchange for unlawful payments, tax officials conspired with taxpayers to lessen charges. Pashev (2005) also cites that the collection of turnover tax is full of collusion and corruption.

The officers were also found to be working in an environment where they did not have clearly defined functions, roles and duties and this gave them a leeway to engage in illegalities and irregularities. With vague and flexible laws on taxation and on submitting taxes, room is created for making interpretations that are favourable to the taxpayers in return for shady transactions (Pashev, 2005).

Elsewhere, it is noted that revenue collection in such developing economies as that of Kenya has not reached a high level of effectiveness (Owuor, Chepkuto, Tubey and Kuto, 2012). A number of challenges are faced in revenue collection performance that result in counties not being able to have enough funds to cover their budgets and hence result in serious budget financing deficits. Ismail (2016) posits that the biggest difficulties around revenue collection lie with the revenue collection system which most of the time is compromised by corrupt officers who collude with taxpayers to deny county governments much needed revenue. The corrupt officers may also find their own ways to outrightly defraud the system by, for example, printing out fake receipts for collecting rates from taxpayers.

Weaknesses in revenue collection result in inadequate tax collection, according to Bird (2013). He says that developing countries are riddled with problems of inefficient tax administration caused by a lack of administrative workers with the necessary abilities, and a high degree of illiteracy amongst taxpayers and tax collectors. Keyaga (2010) avers those financial constraints faced by appointing authorities have inevitably resulted to employment of tax officials with no understanding of the tax laws that they are administering alongside the concepts of accounting that are requisite to analyzing returns. This is also true of county governments who are replete with tax officials who have no education or experience in matters of tax collection; in fact, some of them are usually seconded to the revenue collection department from other departments where their core competencies lie.

2.3.2 Employment of Technology and Revenue Collection

ICT brings several advantages to the revenue collection process: It increases efficiency, reduces corruption through sealing leakages and increases the amount of revenue collected. However, despite there being all manner of ICT solutions on IT shops' shelves, there have been some factors that have inhibited the practice of ICT in revenue collection in the counties, according to Okiro (2015). Karimi (2017) discovered that much as ICT is really important in achieving maximum revenue collection, there are a number of different aspects that influence how it is used to collect revenue. Githinji, Mwaniki, Kirwa, & Mutongwa, (2014) discovered that in majority of Kenya's counties, tax revenue collection was low. County governments are thus encouraged to adopt ICT for their daily transactions (revenue collection and service delivery included). According to E-government Master Plan developed by Kenyan governments, the plan has established a Government Common Core Network (GCCN) that is essentially used to secure and share interoperability of government-wide ICT architecture. The system's advantages include elimination of data redundancies and improvement of service delivery in terms of revenue collection, accessibility to government services by the general population and timely reporting, monitoring and evaluation.

Counties face challenges in implementing ICT in their revenue collection systems. Cherotich & Okibo (2016) established that the use of the Integrated Financial Management Information System (IFMIS) by the County Governments of Kenya was

not transferred by the counties to their sub-counties; all counties had the system installed only at the county headquarters. Even then, due to various constraints, several county headquarters have so for not yet fully integrated it. This is despite the fact that the Public Finance Management (PFM) Act, 2012 necessitates counties to adopt IFMIS since 2003, and close to two decades later, there are still difficulties in implementation.

A number of county governments have invested in electronic revenue collection systems that have turned out to be fake. In the process, county governments misappropriated to a tune of Sh18.8billion on bogus electronic revenue collection systems notwithstanding the offer for free e-revenue by the national government (Githinji, 2018). These same systems had been offered by the Ministry for ICT for free. Upon the failure of the e-revenue collection systems, County governments have resorted to collecting and spending revenues at collection sites and not transferring the funds to the national accounts for redistribution.

Since the call by the citizenry throughout the counties in Kenya is for accountability and transparency in the management of public finances, it is becoming critical for the government's financial management systems to be reformed, according to Chiumya (2006). Information and Communication Technologies provide counties with the chances to get familiar with fresh approaches of lobbying that works, advocacy, design, implementation, and delivery of citizens' services with the aid of management information systems that are in tune with local, national, regional, and global trends. Introduction of ICT standardizes the revenue collection process' operating procedures, minimizes errors and is a cost reduction strategy. Such a system definitely reduces the costs of collecting revenues, thus freeing up funds that could be used to address other pressing needs of the citizens (Fisman & Gaht, 2002).

2.3.3 Taxpayer Education and Revenue Collection

The county and national governments of Kenya rely on taxpayers to generate revenues. There is need therefore to upscale taxpayer education in order to increase compliance to paying of taxes by the citizenry. Tax authorities (county governments included) need to pay more attention to taxpayer re-education, compliance and tax audits, according to Muriithi (2006). Taxpayer re-education helps them understand tax laws, and the processes and benefits of taxation for the general society. However,

county governments may avoid taxpayer education to cut costs but, in the process, bear the unintended consequences of giving taxpayers an incentive to evade tax.

Bird (2013) contends that, inadequacies in revenue collection are typically instigated by inept administrative employees with required skills, as well as taxpayer and tax collector ignorance. Ignorance among taxpayers can only be cured by county governments rolling out extensive taxpayer education programmes in order to ensure that all taxpayers are informed about the need to pay taxes at the correct level and in the correct way. Taxpayers sometimes oppose the issue of paying taxes motivated by political and other considerations and this strains revenue collection.

Challenges in achieving tax compliance and improving revenue collection can be minimalized by enforcing instruction on taxes (Allingham & Sandmo, 1972; Kimungu & Kileva, 2007). Evidence suggests that there have been misconceptions between tax-on-tax compliance payers and collectors.

Non-compliance to taxpaying may be not be intentional, where the taxpayer may be unaware of his or her tax responsibilities or fails to meet those obligations arising from a lack of understanding of tax regulations and procedures; or may be deliberate due to negative attitudes towards compliance. However, tax education assists taxpayers in understanding tax rules and processes and fosters a favorable attitude toward tax compliance (Christina, Deborah & Gray, 2003).

In America, Spiro (2005) noted that close to half of American citizens did not comply with the tax regulations, especially those drawn from the informal sector. The cause for this was, among other things, a lack of required understanding of tax law by taxpayers and differing interpretations of tax law by taxpayers. In such a scenario, only extensive taxpayer education can salvage the situation.

2.4 Empirical Evidence and Research Gaps

In all the reviewed literature, a contextual gap was noted. The past studies have exclusively been done in areas that are outside Kakamega County, and therefore they may not apply to Kakamega County which is a unique county with its own metrics and dynamics. Additionally, the past studies have tackled various aspects of revenue collection, but none has combined corporate culture, implementation of ICT and

taxpayer education as the main variables which constitute an integrated approach to revenue collection. For this reason, conceptual gaps were noted to be in the previous studies.

Table 2.1: Summary of Empirical Review and Research Gaps

Author(s)	Objective	Research Output	Research Gap	Focus of the current study
Attah-Botchwey (2018)	To evaluate the role of internal control for managing revenue mobilization at the administrative assemblies in Ghana	Outcome disclosed revenue mobilization and monitoring move in the same direction.	Contextual and conceptual gaps: the study focuses on administrative assemblies in Ghana - a different context from that of this study. The study also focused on revenue mobilization as broad concept	The study filled the gap by examining the effect of corporate culture on collection of revenue in Kakamega County, Kenya.
Wayua (2017)	To investigate the role of environmental features on revenue collection within Kitui County.	inadequate staff competencies in key areas of capabilities training and skills which mired optimum revenue collection in the county	Contextual and conceptual gaps: It focuses on Kitui County a different context from that of the study.	The filled the gap by examining the effect of corporate culture on collection of revenue in Kakamega County, Kenya.
Salisu (2017)	To assess the collection of revenue by local government to finance of local development. At the Wa Municipal Assembly in Ghana	The sustained engagement of untrained revenue collectors was part of main challenges to revenue mobilization in the municipal.	Contextual and conceptual gap: The study focuses on a municipal assembly in Ghana and findings may not be automatically generalized to fit the situation at Kakamega county due to different contextual conditions. The study also focuses on the broad	Examined the effect of employment of technology and corporate culture on collection of revenue in Kakamega County, Kenya.

			concept of revenue mobilization while this study only focuses on revenue collection	
Owino, Senaji, and Ntara (2017)	To investigate the consequence of innovation in the various processes in the collection of revenues on the performance of Nairobi County	All the integrated online process including Innovation, billing, payment process and response system were confirmed to influence the performance of the county	Contextual and conceptual gaps: The study was carried out in Nairobi County - a different setting from the one in which this study was conducted. It also focuses on performance of the county which is not part of the objectives of this current study.	Determined the effect of employment of technology on collection of revenue in Kakamega County, Kenya.
Kimutai, Mulongo, and Omboto (2017)	To ascertain the consequence of training on revenue mobilization in six county governments in the North Rift region.	Training of county revenue personnel increased the amount of revenue collected in the counties	Contextual and methodological gap: The study focuses on county governments in the North Rift contrary to this study which focuses on a case study of Kakamega County with different contextual conditions	The study filled the gap by examining the effect of corporate culture on collection of revenue in Kakamega County, Kenya.
Gitaru (2017)	To determine the consequence of educating taxpayer on tax amenability in Kenya. The case of SMEs in Nairobi CBD.	Among the main issues that were found to significantly relate to tax compliance include: Electronic taxpayer edification, print media tax payer education, and stakeholder	Contextual and conceptual gaps: it focuses on tax compliance among SMEs in Nairobi CBD a different context and objective from that of this study	Established the effect of taxpayer education on collection of revenue in Kakamega County, Kenya

		engagement SMEs.		
Gatimu (2017)	To investigate the factors that influence the effectiveness of revenue collection in Embu County, Kenya.	Employee qualification, skills and training played an important role in revenue collection in the county	Contextual and conceptual gaps: It focuses on Embu County a different context from that of the study.	Established the effect of corporate culture, employment of technology and taxpayer education on collection of revenue in Kakamega County, Kenya

Source: Researcher (2020)

2.5 Conceptual Framework

A conceptual framework is a theoretical model outlining the links between the dependent and independent variables. The conceptual framework assists a researcher to know and understand the variables under scrutiny. Figure 2.1 displays the conceptual framework of the study. In this study, revenue collection in Kakamega County was the dependent variable whereas corporate culture, employment of technology and taxpayer education were the independent variables.

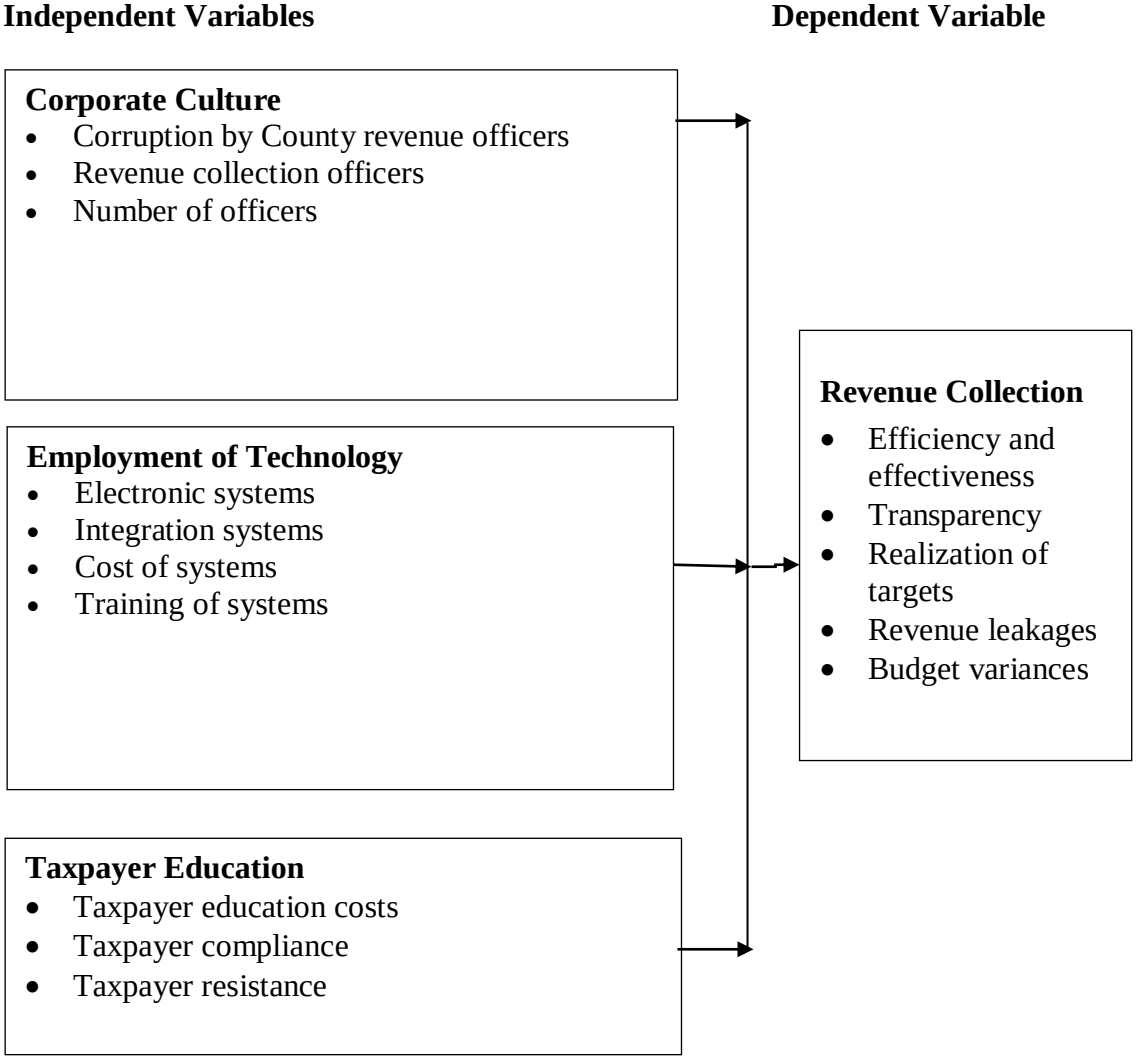

Figure 2.1: Conceptual Framework

Source: Researcher (2021)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the research methodology and procedures that were applied in carrying out the study. Under this chapter, the research design, the target population, sampling design, data collection instrument and procedures and the data analysis were discussed.

3.2 Research Design

This is the general strategy that the researcher uses as a guide in carrying out the study effectively for validating the objectives of the study and therefore produce results for the study. The descriptive case study design was considered suitable in this research because it assisted the scholar to respond to interrogations in relation to the current state of the research subjects besides helping them in finding, relating and evaluating the underlying association amongst the study variables (Mugenda & Mugenda, 2008). In this circumstance, the scholar was capable of figuring out how corporate culture, employment of technology and taxpayer education impact on revenue collection in Kakamega County. Burns and Grove (2003) state that the descriptive research design shows a situation in its natural setting. This design was consequently considered idyllic for this study.

3.3 Target Population

Consistent with Borg, Gall & Gall (2007), it is critical for the target population of a study to have certain features which the researcher can naturally see and use in inferring the results of the inquiry. This study targeted 442 middle level and senior level personnel across all ministries in Kakamega County Government (Kakamega County Government, 2018). This approach was informed by the fact that revenue collection cuts across several county departments and impacts on all of them. The workers chosen were in an advantageous position to provide vital information principally on the pointers of revenue collection than personnel in general.

Table 3.1: Target Population

Management Category	Target group
Top management level	64
Middle management level	378
Total	**442**

Source: Human Resource Department, Kakamega County Government (2018)

3.4 Sampling Design

Sampling design is the set of rules or specifications for the drawing of a sample in an unequivocal manner, a way by which a study provides information on the target and final sample sizes, strata definitions, and the sample selection methodology (Dodge, 2003). This study adopted stratified sampling where respondents were classified into top level management and middle level management from which proportionate sampling was done to provide a sample size for each strata where simple random sampling was eventually used pick the elements for study.

The study used Yamane (1967) formula where 95% confidence level and p=0.05 was applied:

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

Where;

n = the sample size.

N = the size of the population.

e = Error margin or the precision level desired or 95% confidence level.

Substituting the figures in the formula yields a sample size of:

$$\mathrm{n} = 1 + \frac{442}{1 + 442(0.05^2)}$$

n= 210.

The sample was selected on the basis of stratified sampling process where the sample were categorized into two standardized clusters explicitly personnel at the highest levels of management and employees at the operational level of management. As a result, all personnel in each group were represented and this guaranteed that the sampling error was highly minimal. To prevent bias in the respondents' choices, teams from each of the two categories were chosen at random.

Table 3.2: Sample Size

Management Category	Target Population	Sample Size
Top level management	64	n=64/442 x 210 = **30**
Middle level management	378	n=378/442 x 210**=180**
Total	**442**	**210**

Source: Researcher (2019)

3.5 Data Collection Instrument

It was considered appropriate to use together primary and secondary data. The data from primary source was collected by means of semi-structured questionnaires. The questionnaire was selected due to ease in designing and administering. It equally does not require a lot of resources. The questionnaire was divided into five sections where Section A covered questions pertaining to the basic information of the respondents while sections B, C, D and E contained questions on corporate culture, employment of technology, taxpayer education and revenue collection in Kakamega County. A secondary data collection tool remained the best instrument needed in gathering data on revenue collection.

3.5.1 Validity Test

Validity shows how much a research instrument measures its metrics (Kothari, 2004). In this study, the instrument's validity was measured in terms of construct and content. Construct validity was safeguarded by separating the questionnaire into segments that align to the objectives of the study. Content validity was attained by supervisors and 2 potential respondents going through the questionnaire to ensure that questions have the ability to measure their targeted metrics. After corrections, the tool was ready to be used in the field for data collection.

3.5.2 Reliability Test

The reliability determine the consistency of findings that are generated by a tool if employed on the same respondents (Creswell & Creswell, 2012). Internal consistency reliability is the criterion that is mainly used to measure reliability and it assesses survey instruments and scales. Cronbach alpha was used in this study. The alpha value should fall between from 0 to 1. A Coefficient ranging above 0.7 shows the reliability of the research (Tavakol & Dennick, 2011). In this study, a Cronbach alpha of 0.7 was utilized as the cut off. The Cronbach's alpha for the study was found to have a coefficient of 0.776 and consequently the instruments were considered to be solid as shown in table 3.1 below.

Table 3.1: Reliability Statistics

Cronbach's Alpha	N of Items
.776	28

Source: Study data (2020)

3.6 Data Collection Procedures

Authorization to carry out the study was requested from the appropriate authorities namely the university, the National Commission for Science, Technology and Innovation and the county management prior to the data collection exercise. The County Commissioner of Kakamega was also involved. The researcher then involved two trained research assistants who assisted in acquiring data from the respondents. The data was acquired using drop and pick later strategy.

3.7 Operationalization and Measurement of Variables

This is where variables were operationalized by identifying the specific indicators that were taken to represent the variables, and the measurements used to estimate these variables as shown in table 3.3.

Table 3.3: Operationalization and Measurement of Variables

Variables	Type	Operationalization	Scale Measurement	
Revenue collection	Dependent Variable	It denotes to the act of consolidating monetary support derived from all known sources of income within the county which in this study is gauged by the county's realization of revenue targets, budget variance, level of revenue leakages, percentage of own source revenue as well as efficiency, effectiveness and transparency in revenue collection	Ordinal	• Efficient and effective revenue collection • Transparency in revenue collection • Ability to fund own projects • Sealing of revenue leakages • Elimination of corruption in revenue collection
Corporate Culture	Independent Variable	It refers to the behavior of county officers, particularly in the revenue collection department, which may enhance or hamper revenue collection. This also encompasses the county government's general approach to the revenue department i.e. in terms of prioritizing manpower training, having the right staffing levels and other factors that are central to increased revenue collection.	Ordinal	• Corruption by County revenue officers in collusion with taxpayers • Untrained / Unskilled revenue collection officers • Inadequate number of officers in the revenue collection department

Employment of Technology	Independent Variable	Investment in modern technology, particularly information and communication technology for purposes of upgrading the revenue system to enhance incorporation and information sharing to result in the efficiency and effectiveness of the revenue collection system.	Ordinal	• Deployment of electronic revenue collection systems • Integration of electronic revenue collection systems • Cost of electronic revenue collection systems • Training of officers and taxpayers on use of electronic revenue collection systems
Taxpayer Education	Independent Variable	It refers to the initiatives undertaken by the county government in order to enhance the knowledge and awareness of the county residents on the need to pay taxes so that the county can raise adequate revenue. This is achieved by using techniques such as seminars and activities to educate the public about their tax responsibilities	Ordinal	• Taxpayer education costs • Increased taxpayer compliance • Removal of taxpayer resistance towards tax payment

Source: Researcher (2020)

3.8 Data Analysis and Presentation

Once the data cleaned and processed, quantitative and qualitative approaches were used in scrutinizing the data. The data assembled from the open-ended questions were subjected to content analysis mainly through thematic analysis. The information was presented in a narrative form under various themes as guided by the study objectives.

Quantitative data was coded and put into SPSS (V.20), leading to the development of a data sheet that was used as part of the analytical preparation. Descriptive statistics, such as frequencies, means, percentages, and standard deviations, were employed to explain the features that are vital to the data collected and created.

Analysis of Variance, Pearson's Correlation and Multiple Regression Analysis covered the inferential statistics. The aim of applying multiple regression model was to help the scholar to know the strength and direction of the connections amongst the variables in the research by measuring the consequence of each predictor variable on the dependent variable. All trials in this research were carried out at 5% significance level. The model applied to connect the variables is as presented below;

$$R = \beta_0 + \beta_1 C_1 + \beta_2 E_2 + \beta_3 T_3 + e$$

Where:

R = Revenue collection.

B_0= Constant.

$\beta_1, \beta_2, \beta_3$ = Regression Coefficients.

C_1 = Corporate culture.

E_2 = Employment of technology.

T_3 = Taxpayer education.

e = Error term.

In order to determine if there is an underlying link between the dependant and predictor variables, estimation of the R^2 statistic, F statistic, and beta coefficients for significance were judged using p values. The output of the data was presented in the form of frequency tables and charts in accordance with the study's goals.

3.9 Ethical Considerations

Ethical issues in research pertain to the ethical and moral issues that a researcher needs to observe. To this end, the researcher made sure that research was conducted in an objective and honest way. In ensuring confidentiality, respondents remained anonymous. The researcher ensured that the data collected was used academically.

The researcher also furnished the participants with an advice form which explained the objectives of the study and some of the advantages and risks that participation in it entailed. The researcher observed the respondents' rights and treated all study participants fairly.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATIONS AND INTERPRETATION

4.1 Introduction

The part puts in perspective the discovery of research findings on the effect of employment of integrated approaches and upscaling of revenue collection in Kakamega County in Kenya. The statistics gathered was analyzed with an aid of SPSS to determine descriptive and inferential statistics and the output were presented in form of tables.

4.2 Response Rate

After obtaining a research approval from the university, NACOSTI and County management, the researcher gave out in totality 210 questionnaires to the participants. A fraction of this, 180 questionnaires were completely filled and collected while 30 were not filled making for a total response percentage of 86%. Mugenda & Mugenda (2003), posit that a 50% response weight is deemed to be fair, a response weight of 60% is considered good and a response weight of over 70% is excellent. Therefore, the response weight of 86% which was achieved during data collection was adequate for this study as shown in table 4.1 below.

Table 4.1: Response Rate

Status of Questionnaires	**Number of Questionnaires**	**%**
Filled questionnaires	180	86
Unfilled questionnaires	30	14
Total	**210**	**100.**

Source: Researcher Data (2020)

4.3 Descriptive Statistics

The descriptive statistics help in exhibiting the basic components of the data used in the study. The investigation resolved to examine the effect of integrated approaches on upscaling of revenue collection in Kakamega County, Kenya. Actual results from the questionnaire appraised their extent of agreement on a Likert scale interval from 1 up to 5 with a number of statements on integrated approaches in relation to upscale of revenue collection among the employees. The means of responses were interpreted as follows; (5.00-4.21) was an indication of strongly agree, (4.20-3.41) indicated agree, (3.40-2.61) indicated neither agree nor disagree, (2.60-1.81) indicated disagree and (1.80-1.00) indicated strongly disagree (Norman, 2010).

4.3.1 Corporate Culture and Revenue Collection

The players were requested to give their response to what extent they understand the corporate culture on revenue collection in Kakamega County as exhibited in table 4.7 below.

Table 4.2: Descriptive Statistics on Corporate Culture

	N	Min.	Max.	Mean	Std. Dev.
Significant problem of corruption	180	1.00	5.00	3.0611	1.28230
County takes actions against corruption	180	3.00	5.00	4.2222	.67315
Organization of regular seminars and workshops	180	1.00	4.00	2.6444	1.23099
Recruitment based on qualification and competency	180	1.00	5.00	3.3500	1.50037
Shakeup of revenue collection department	180	2.00	5.00	4.3500	.97726
Incentives for rewarding performing revenue personnel	180	1.00	5.00	2.7167	1.02633
Structures and penalties for non-performance	180	1.00	4.00	3.0000	1.00279
Eradication of corruption increases own revenue	180	4.00	5.00	4.6389	.48166
Valid N (listwise)	180				

Source: Study Data (2020)

The discovery showed that on average, the respondents agreed that there is significant problem of corruption among county revenue clerks and teams in the county at an

average value of 3.06 and a variability of 1.28. On the aspect of the county taking action against corrupt county revenue clerks and teams on a continuous basis, most respondents strongly agreed that the county should take action against corrupt revenue clerks at an average value of 4.22 and a variability of 0.67. On the aspect of the county organizing premeditated workshops and seminars on revenue collection for county employees, most respondents neither agreed nor disagreed that county prepares regular seminars and workshops for county employees at an average value of 2.64 and a variability of 1.23. On the aspect of the county clerks and teams being recruited based on qualification and competency, most respondents neither agreed nor disagreed that the county should recruit based on qualification and competencies at an average value of 3.35 and a variability of 1.50. On the aspect of whether or not a shakeup of revenue collection department can lead to increased revenue collection for the county, most respondents strongly agreed that shakeup of the revenue collection department can increase revenue collection with a mean of 4.35 and a standard deviation of 0.98. On the aspect of whether there are motivation programmes designed at rewarding performing revenue personnel in the county, most respondents neither agreed nor disagreed on whether there are incentives for rewarding or not at an average value of 2.72 and a variability of 1.03. On the aspect of whether there are structures and penalties designed non-performance among collectors, most respondents neither agreed nor disagreed on whether there are structures and penalties for addressing non-performance at an average value of 3.00 and a variability of 1.00. On the aspect of whether there is eradication of corruption in the county revenue collection system will lead to substantial rise in own source for the county, most respondents strongly agreed that eradication of corruption in the county increases own revenue at an average value of 4.64 and a variability of 0.48. This conclusion is consistent with Kinyanjui and Kahonge's findings, (2013) who found that to get rid of or considerably eradicate corruption, the e-payment revenue collection project gives a provision of a method of transferring county revenue that does not need the use of liquid cash.

4.3.2 Employment of Technology and Revenue Collection

The players were requested to give their response to what extent they employ technology on revenue collection in the county as demonstrated in Table 4.9 below.

Table 4.3: Descriptive Statistics on Employment of Technology

	N	Min.	Max.	Mean	Std. Dev.
Automation of revenue collection processes	180	2.00	5.00	3.7944	1.08673
Integration of revenue collection and administration processes	180	1.00	5.00	3.3556	1.11677
Payment of taxes through technological platforms	180	1.00	5.00	2.8000	1.32193
Increased acceptance and use of ICT for paying taxes	180	1.00	4.00	2.6556	1.04278
Use of Electronic revenue reports	180	1.00	5.00	3.1500	1.24387
Increased budget allocations towards ICT	180	2.00	5.00	3.6444	1.17050
staff capable of using ICT	180	2.00	5.00	3.7056	1.28462
Valid N (listwise)	180				

Source: Study Data (2020)

The investigation resolved to find out the contribution on whether the county has suitably automated its revenue collection activities, most respondents' agreed that there is adequate automation of revenue collection process by the county at an average value of 3.79 and a variability of 1.09.On the aspect of whether the county government had sufficiently integrated all its administration and revenue collection procedures, most respondents agreed that there is adequate integration of revenue collection and administration processes at an average value of 4.35 and a variability of 1.12. On the aspect of whether taxpayers find it easier to pay for their taxes through the technological platforms rather than manually, majority of the participants neither acknowledge nor denied that remittance of taxes through technological platforms is easier at an average value of 2.8 and a variability of 1.32. On the aspect of whether there is increased acceptance and use of ICT by tax payers in paying for taxes, majority of the participants neither acknowledge nor denied that there is increased acceptance and use of ICT for paying taxes at an average value of 2.66 and a variability of 1.04. On the aspect of whether the county extensively make reference to electronic revenue statistics as originated by the county systems, majority of the

respondents neither acknowledge nor denied that there is use of electronic revenue reports at an average value of 3.15 and a variability of 1.24. On the aspect of whether signal of improved budget allocations meant for ICT support services as it pertains revenue collection systems in the county, most of the respondents concur that there is increased budget allocations towards ICT at an average value of 3.64 and a variability of 1.17. On the aspect of whether the county revenue collectors and administrative team are proficient in using the ICT system to assemble and generate report on revenue, most of the respondents concur that the staff is capable of using ICT at an average value of 3.71 and a variability of 1.28. This finding agreed with the findings by (Karimi, 2017) that studied on cause of technology and information systems on revenue collection by the county government of Embu and single out that ICT is critical in revenue collection. The pronouncements of the inquiry were also in tandem with those of Okiro, (2015) and Otieno *et al.,* (2013) whose analysis revealed that the use of ICT in tax collecting enhanced revenue collection and closed corruption flaws among those involved in tax collection.

4.3.3 Taxpayer Education and Revenue Collection

The participants were called upon to give their response to what extent they undertake taxpayer education towards revenue collection in Kakamega County as is given in table 4.11 below.

Table 4.4: Descriptive Statistics on Taxpayer Education

	N	Min.	Max.	Mean	Std. Dev.
Resident training forums and activities are held on a regular basis.	180	1.00	5.00	2.7889	1.21439
Awareness on taxpaying obligations	180	1.00	5.00	3.1556	1.18568
Funds allocated for implementation of training programs	180	1.00	5.00	2.7222	1.44182
Sensitization campaigns	180	1.00	5.00	2.8000	1.14531
Diverse and interactive communication channels	180	1.00	5.00	3.0833	1.22303
Adoption of efficient feedback systems	180	1.00	5.00	3.0056	1.14090
Experience of challenges	180	1.00	5.00	3.2833	1.33402
Current rates to be reviewed	180	1.00	5.00	3.7833	1.08455
Valid N (listwise)	180				

Source: Study Data (2020)

The study further examined whether the county government schedules routine forums and schedules for empowering its inhabitants on their tax liabilities. A good part of the respondents neither acknowledge nor denied that there are regular forums and programmes for training residents at an average value of 2.79 and a variability of 1.21. On the aspect of whether the taxpayers in the county are generally well aware about their taxpaying obligations and are hence willing to pay their taxes, majority of replies are split between agreeing and disagreeing that taxpayers are aware of their taxpaying obligations at an average value of 3.15 and a variability of 1.19. On the aspect of whether sufficient funds are apportioned for the discharge of community training programmes in the county, a bulk of the respondents neither acknowledge nor denied that the funds are allocated for implementation of training programmes at an average value of 2.722 and a variability of 1.44. On the aspect of whether the county undertake regular public education plus sensitization campaigns all over the county, a greater number of the respondents neither acknowledge nor denied that there is regular taxpayer education and sensitization campaigns at an average value of 2.8 and a variability of 1.15. On the aspect of whether the county has embraced varied and

collaborative communication channels in encompassing out to tax payers plus citizens, most of the respondents neither agree nor disagree that there are diverse and interactive communication channels at an average value of 3.08 and a variability of 1.22. On the aspect of whether the county has embraced decisive feedback systems in handling both public concerns and queries, a bulk of the respondents neither agreed nor disagreed that there is adoption of efficient feedback systems at an average value of 3.01 and a variability of 1.14. On the aspect of whether the county experiences challenges in reaching out to taxpayers in a bid to get their cooperation to pay taxes, a bulk of the respondents neither acknowledge nor denied that there is experience of challenges at an average value of 3.28 and a variability of 1.33. On the aspect of whether the current rates of taxes should be reviewed to more affordable rates to increase compliance with tax paying among taxpayers in the county, best part of the participants agreed that current rates need to be reviewed at an average value of 3.79 and a variability of 1.08.

4.3.4 Revenue Collection

The players were asked to provide their response to what extent they understand the revenue collection within county as presented in Table 4.12 below

Table 4.5: Descriptive Statistics on Revenue Collection

	N	Min.	Max.	Mean	Std. Dev.
disparity reduction between revenue target and revenue collected.	180	1.00	5.00	2.7056	1.27589
Reduction in leakages	180	1.00	5.00	3.2944	1.16608
Reduction in budget variance	180	2.00	5.00	3.6389	.90167
Increase in own source revenue	180	2.00	5.00	4.0667	.96648
Improvement in efficiency, effectiveness and transparency	180	2.00	5.00	3.8556	.99227
Valid N (listwise)	180				

Source: Study Data (2020)

On the aspect of whether the disparity amongst the yearly revenue collected and the projected revenue has expressively diminished in the previous five financial years, most respondents neither agreed not disagreed that there is a reduction in the gap between revenue collected and revenue target at an average value of 2.71 and a

variability of 1.28. On the aspect of whether the state of revenue leakages has significantly gone down throughout the previous five financial years, a good portion of the participants neither agreed nor disagreed that there is a reduction in leakages at an average value of 3.29 and a variability of 1.17. On the aspect of whether the county has been reducing its budget variance throughout the last five financial years, majority of the participants were in agreement that there is reduction in budget variance at an average value of 3.64 and a variability of 0.90. On the aspect of whether the proportion of county own source revenue has significantly developed throughout the previous five financial years, most of the players concur that there is some growth in own source revenue at an average value of 4.07 and a variability of 0.97. On the aspect of whether the status of effectiveness, efficiency and clarity in revenue collection has grown significantly throughout the past five financial years, most of the respondents concur that there is improvement in efficiency, effectiveness and transparency at an average value of 3.86 and a variability of 0.99. This finding agreed with findings by Ngotho and Kerongo (2014), who affirmed that tax collection in emerging economies, particularly in counties, hasn't always been as successful as it should be.

4.4 Regression Analysis

To be able to reveal the attributes amongst dependent variable and independent variables, multiple regressions were analyzed. The research study aimed to analyze the tie between employment of integrated approaches and revenue collection in Kakamega County, Kenya.

4.4.1 Model Summary

The inaugural regression output linked to this model summary statistics is displayed in Table 4.11. The study demonstrates that 75.2% of revenue collection in Kakamega County could be explained by the variables under study and only 24.8% can be explained by variables outside the model. According to this result, it is clear that at 95% confidential level, the variables yielded statistically significant values and can be verified, to explain revenue collection in Kakamega County in Kenya.

Table 4.6: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.867[a]	.752	.739	.17838

a. Predictors: (Constant), Taxpayer education, corporate culture, Employment technology.

Source: Study Data (2020).

From the analysis, the study revealed that independent variables in this study have influenced to 75.2% variation in revenue collection in Kakamega County as elucidated by Adjusted R Square of 73.9%. The outcome of the study coincides with Mitullah *et al*.., (2016) and Kirimi *et al*.., (2017) who maintained that ICT has turn into critical in boosting transparency and accountability of government agencies, reducing process expenses in service delivery and in the structures of governments.

4.4.2 Analysis of Variance (ANOVA)

Analysis of Variance shows the relationship between two variables. The section shows how the researcher has conducted inferential statistics with p-value (sig' for significance) influence on the criterion variable. The p-values less than 5% are generally considered significant. Kakamega County was also determined by examining the F statistic and its associated p value. The outcomes are organized in Table 4.16. The study products portrays that the model endosed in associating the study variables was significant given (F=6.806, p=0.000, p<0.05).

Table 4.7: ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3.852	3	1.284	6.806	.000[b]
	Residual	33.201	176	.189		
	Total	37.053	179			

a. Dependent Variable: Revenue Collection

b. Predictors: (Constant), Taxpayer education, corporate culture, Employment technology

Source: Study Data (2020)

From the ANOVA figures in table 4.16 above, p-value 0.000 as computed implies that the regression model was statistically significant in forecasting the relationship between integrated approaches and revenue collection in Kakamega County as the p-value was less than 5%. By use of the F* test table (5%, 3), the tabulated value was 4.2, which was not more than the calculated F=6.806 and this as well indicated that the model was significant.

4.4.3 Regression Coefficients

The regression constants values which supported the researcher to conclude the consequence of separately independent variable on the dependent variable are shown in Table 4.16.

Table 4.8: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	3.658	.252		14.505	.000
	Corporate culture	-.050	.072	-.061	-.699	.485
	Employment of technology	.282	.074	.455	3.820	.000
	Taxpayer education	.293	.072	.426	4.057	.000

a. Dependent Variable: Revenue collection

Source: Study Data (2020)

The scholar conducted regression analysis to come up with the connection between integrated approaches and revenue collection in Kakamega County. The following regression equation was established;

Y (Revenue Collection) = $3.658 - 0.50\ C_1 + 0.282\ E_2 + 0.293\ T_3$

From the regression model obtained above, it was found that employment of technology and taxpayer educations were statistically significant unlike corporate culture that was statistically insignificant against revenue collection in Kakamega County. The analysis was conducted at 5% degree of relevance. The criterion for correlating the corresponding predictor variables were significant in the regression model which was through p-values 5%. If the p-value is less than 5%, then the

predictor variable is significant. Therefore, from the above analysis, employment of technology and taxpayer education was significant in the model as its corresponding predictor on revenue collection was less than 5% at 0.000 and 0.000 respectively, and corporate failure was insignificant at 0.485. Putting all other factors constant, when employment of technology and taxpayer education changes by one unit, revenue collection will change by 0.282 and 0.293 units respectively. This finding concurs with the findings by Oyugi (2008) who assessed how effective educating taxpayer was as a revenue collection tactic in KRA within the Nairobi Region. The study found that educating taxpayer done under education of taxpayers' clinics and seminars had boosted the revenues cumulation by KRA. This finding also concurs with the findings by Gitaru (2017) who discovered that print media education of taxpayers, electronic taxpayer education and stakeholder engagements were significant though certainly linked to tax compliance among the SMEs in Nairobi CBD, Kenya. This finding can also be supported by the Technology Acceptance Model credited to Davis (1989) which is used to gauge the level of acceptance by the taxpayers of the technologies that are employed by the County Government of Kakamega in a bid to upscale revenue collection.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This section consists of the summary, conclusions and recommendations of the study. It gives a detailed narration on the conclusion of the study with regards to the research findings through which the policy recommendations were derived from.

5.2 Summary of the Study

Revenue collection in Kakamega County is affected by integrated approaches. The outcome of this work intended at enriching research by determining to what level integrated approaches influence revenue collection in the county. The specific objectives of this study were to find out the effect of corporate culture, employment of technology and taxpayer education on revenue collection in Kakamega County, Kenya. The research was founded on four theories namely: Agency theory, Optimal Tax Theory, Technology readiness theory and Technological acceptance model. The study anchored itself on descriptive research design. The investigation was based on a target population of 442 employee of Kakamega County out of which a sample size comprising 210 employees was chosen. Overall analysis of data was based on multiple linear regression analysis.

The findings indicate that the effect of corporate culture on revenue collection was negative and statistically insignificant and hence the null hypothesis was not rejected. Equally other findings indicate a positive significant relationship between employment of technology and tax payer education on revenue collection and therefore null hypothesis was rejected.

5.3 Conclusion

The empirical findings formed the basis for determining the conclusion of the study. The initial objective was to examine the effect of corporate culture on revenue collection in Kakamega County, Kenya. In reference to this, the study settled at the conclusion that corporate culture and revenue collection are negative and statistically insignificant. This is attributed to the fact that corporate culture is the set of values and assumptions that guide the behavior of employees of a given corporate entity.

These values, principles and assumptions determine how employees relate to each other and other stakeholders but do not in any way influence the level of revenue collection.

With regards to the employment of technology on revenue collection in the county, the study concluded that employment of technology on revenue collection is positive and statistically significant. This is attributed to the fact that the employment of technology through automation and ICT integration enhances the rate payer's interaction with the revenue system directly thus improved revenue collection in the county.

Regarding the effect of taxpayer education and revenue collection in the county, the study concluded that the relationship was positive and statistically significant. This is attributed to the fact that taxpayer education increases the level of knowledge about taxes in shaping how taxpayers perceive taxation and their general attitude towards tax thus increasing revenue collection in the county.

5.4 Policy Recommendations

The policy recommendations of the study are supported by the variables with significant effect on revenue collection in Kakamega County, Kenya. The study concluded that, the use of technology has a good and considerable impact on income collection in Kakamega County, Kenya. Consequently, in pursuit for high revenue collection, the county government of Kakamega should invest heavily in technology to reduce physical cash transactions in preference for electronic money and by extension enhance revenue collection in the county.

The study also concluded that the effect of taxpayer education on revenue collection is statistically significant. Therefore, the study recommends that the county government of Kakamega needs to invest in programmes that boost training of county residents on the importance of honouring their tax obligation and this should be done through conducting of forums, awareness and sensitization campaigns.

5.5 Suggestions for Further Research

The study pursued to establish the effect of integrated approaches on revenue collection in Kakamega County, Kenya. Further studies can focus on capacity of legislations towards substance abuse management. Similarly, further research can be done on the whole country Kenya.

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APPENDICES

Appendix I: Introductory Letter

Dear Sir/Madam.

RE: RESEARCH QUESTIONNAIRE.

My name is Stanley Chanjwa Ndakalu. I am a postgraduate scholar pursuing a Master of Business Administration degree, Finance option with Kenyatta University. I am carrying out a research on "**Employment of Integrated Approaches and Upscaling of Revenue Collection in Kakamega County, Kenya."** You have been randomly chosen to participate in this study. The data assembled during this research will be meant for academic use only. The findings will be used to make recommendations on how to improve efficiency and performance in revenue mobilization in the county. I request you to be as candid and sincere as possible in your responses. As a result, I respectfully urge that you set aside some time to reply to the questions in the questionnaire.

Your cooperation is highly appreciated.

Yours faithfully,

Stanley Chanjwa Ndakalu

Appendix II: Questionnaire

Code: (Official use only) _____

Please provide the best possible answers to the following questions. Your information is confidential and you need not write your name anywhere on this document.

Section A: Demographic Information.

1. Gender
   a. Male ( ) b. Female ( )
2. Education Level attained;
   a. Diploma ( )
   b. Undergraduate Degree ( )
   c. Masters ( )
   d. PhD ( )
3. Age Bracket:
   a. Less than 30 ( )
   b. 31 - 40years ( )
   c. 41 – 50years ( )
   d. Above 50 years ( )
4. How long have you been employed by the county government?
   a. A period of less than one year ( )
   b. A period of one to three years ( )
   c. 3 years and above ( )
5. What is your job title in the county?

   ……

   ……

   ……

Key: **1= Strongly Disagrees, 2= Disagrees, 3=Somewhat Agrees, 4= Agrees, 5=Strongly Agrees.**

Section B: Corporate Culture

6. From the scale provided, show how accurately the following statements describe personnel training and motivation with respect to revenue collection in the county.

Statement	**1**	**2**	**3**	**4**	**5**
There is a significant problem of corruption among county revenue clerks and teams in the county.					
The county takes action against corrupt county revenue clerks and teams on a continuous basis.					
The county arranges frequent workshops and seminars to train on revenue collection.					
The recruitment of the category of county revenue clerks and teams are based on qualifications and competencies.					
A shakeup of the revenue collection department can lead to increased revenue collection for the county.					
Performing revenue personnel are given incentives as reward.					
structures and penalties are in place to address non-performance revenue collectors.					
Eradicating corruption in the county revenue collection system will lead to a substantial rise in own source revenue for the county.					

Section C: Tax Payer Education

7. Using the scale given below, indicate how accurately the following statements describe education tax payment relative to revenue collection in the county.

Statement	**1**	**2**	**3**	**4**	**5**
The county schedules regular training programmes and forums for residents on their tax requirements and payments.					
The taxpayers in the county are generally well aware about their taxpaying obligations and are hence willing to pay their taxes.					
Adequate budgetary allocation to train in the implementation of taxpayer programs in the county is done.					

The county does prioritize taxpayer education and sensitization campaigns involving all residents.					
The county has prepared diverse plus interactive communication means to reach out to tax payers and residents.					
The county has embraced effective response systems in managing taxpayer queries and concerns.					
The county experiences challenges in reaching out to taxpayers in a bid to get their cooperation to pay taxes					
The current rates of taxes should be reviewed to more affordable rates to increase compliance with tax paying among taxpayers in the county.					

Section D: Employment of Technology

8. Using the scale given below, indicate how accurately the following statements describe technology and automation in relation to revenue mobilization in the county

Statement	**1**	**2**	**3**	**4**	**5**
The county has sufficiently automated its revenue collection activities.					
County government has satisfactorily integrated all its revenue collection and administrative responsibilities together.					
Taxpayers now find it convenient to pay for their taxes using the technological platforms rather than manually.					
There is increased acceptance and use of ICT by tax payers in paying for taxes.					
Electronic income reports generated by county systems are commonly used by the county administration.					
Budget allocations towards ICT support services is increased to aid revenue collection.					
Staff in charge of collection of revenue and supervision are well-versed in using the ICT system to collect and report income.					

Section E: Revenue Collection in Kakamega County

9. Give your valuation on the level of collection of revenue in the county in terms of the following

Statement	1	2	3	4	5
Over the last five financial years, the gap between yearly revenue collected and revenue objective has reduced dramatically.					
Over the last five years, the number of revenue leakages has decreased.					
The county has been reducing its budget deficit over the past 5 financial years					
The amount of county own-source revenue has increased over the past 5 financial years					
Over the last five fiscal years, the efficiency, efficacy, and transparency of tax collection have all improved.					

Thank you!

Appendix III: Research Authorization Letter

KENYATTA UNIVERSITY
GRADUATE SCHOOL

E-mail: dean-graduate@ku.ac.ke
Website: www.ku.ac.ke

P.O. Box 43844, 00100
NAIROBI, KENYA
Tel. 810901 Ext. 4150

Internal Memo

FROM: Dean, Graduate School

DATE: 23rd November, 2020

TO: Stanley Chanja Ndakalu
C/o Accounting & Finance Dept.

REF: D53/OL/KKA/31875/2015

SUBJECT: APPROVAL OF RESEARCH PROJECT PROPOSAL

This is to inform you that Graduate School Board at its meeting of 18th November, 2020 approved your Research Project Proposal for the M.B.A Degree Entitled, **"Employment of Integrated Approaches and Upscale of Revenue Collection in Kakamega County, Kenya".**

You may now proceed with your Data Collection, Subject to Clearance with Director General, National Commission for Science, Technology and Innovation.

As you embark on your data collection, please note that you will be required to submit to Graduate School completed Supervision Tracking Forms per semester. The form has been developed to replace the Progress Report Forms. The Supervision Tracking Forms are available at the University's Website under Graduate School webpage downloads.

Thank you.

KENYATTA UNIVERSITY OFFICE OF DEAN 23 NOV 2020 GRADUATE SCHOOL P.O. Box 43844-00100 NAIROBI

ELIJAH MUTUA
FOR: DEAN, GRADUATE SCHOOL

c.c. Chairman, Accounting and Finance Department.

Supervisors:

1. Dr. Vincent Shiundu
   C/o Department of Accounting and Finance
   Kenyatta University

EM/nn

Appendix IV: Research Permit

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

Ref No: **480496**

Date of Issue: **02/December/2020**

RESEARCH LICENSE

This is to Certify that Mr.. STANLEY CHANJWA NDAKALU of Kenyatta University, has been licensed to conduct research in Kakamega on the topic: Employment of Integrated Approaches and Upscale of Revenue Collection in Kakamega County, Kenya. for the period ending : 02/December/2021.

License No: **NACOSTI/P/20/7969**

480496

Applicant Identification Number

Director General
NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

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