

**INFLUENCE OF FINANCIAL MANAGEMENT PRACTICES ON THE
REVENUE COLLECTION PERFORMANCE OF KAJIADO COUNTY
GOVERNMENT, KENYA**

BY

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**A DISSERTATION SUBMITTED TO THE SCHOOL OF BUSINESS AND PUBLIC
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THE AWARD OF DEGREE OF MASTER OF SCIENCE IN COMMERCE
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DECLARATION

I declare that this dissertation is my original work and has not been published or submitted elsewhere for the award of the degree of Master of Science in Commerce (Finance and Accounting).

I also declare that this dissertation contains no material written or published by other people except where due reference is made and the author duly acknowledged.

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I do hereby confirm that I have examined the Masters dissertation of

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And have certified that all revisions that the dissertation panel and examiners recommended
have been adequately addressed.

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Date: _____

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Supervisor

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DEDICATION

I dedicate this work to my family for the humongous support and understanding they have provided during this project.

ABSTRACT

The promulgation of the new constitution in Kenya in 2010 brought forth new structures in the form of devolved governments. The new structure had the main purpose of ensuring that efficient delivery of services and every citizen experienced economic development. This noble idea by itself was to be financed by a substantial chunk of funds from the national government and revenue cash flows collected by the counties. The study was on the influence of financial management practices on the revenue collection performance of Kajiado County Government. The key variables being Revenue Sources, Financial Stewardship and Revenue Administration Strategies and their related influence on revenue collection performance in Kajiado County Government. The key theories reviewed to anchor the study were; public choice theory, prospect theory and expectation theory with these theories looking at explaining the influence of the independent variables on revenue collection performance. The study adopted a descriptive research design, which had a target population of 125 staff from Kajiado County Government. A census approach was employed due to the small size and accessibility of the respondents. The study used a structured questionnaire as the data collection tool that was tested for its reliability and validity to ensure consistency of information derived from the primary sources. Descriptive and inferential statistics were carried out for data analysis and development of the study model. The study concluded that the revenue sources, revenue administration practices in place and the financial stewardship of staff collectively have a moderate positive influence on the revenue collection performance of Kajiado County Government. The study had formulated three study hypothesis from the conceptual framework which were subsequently tested and the null hypothesis being rejected in all three hypothesis. The accepted study hypothesis were; (1) Revenue source significantly influences revenue collection performance in Kajiado County Government, (2) Revenue Administration Practices significantly influences revenue collection performance in Kajiado County Government and (3) Financial Stewardship significantly influences revenue collection performance in Kajiado County Government. The study also revealed that at 0.05 significance level, there exists a positive significant relationship between revenue sources, revenue administration practices, financial stewardship and revenue collection performance of Kajiado County Government with these financial management practices accounting for 20.34% variation on the revenue collection performance. The study recommends that Kajiado County Government should; strategize in identifying and adopting more revenue sources that have the capacity to generate sustainable cash flows for operations and economic development; revenue administration practices need to be regularly reviewed and updated to cater for the frequent changes in the business environment and volatile taxpayer behavior thus sealing existing and emerging loopholes; Investment in more target oriented training, especially on revenue administration is recommended to address existing gaps in staff proficiency and subsequently improve staff morale. The main limitation of the study was that the study was carried out only in Kajiado County thus not generalizable in the Kenyan context. Further research on other Kenyan Counties is recommended.

Keywords: County Governments, County Revenue, Financial Management Practices, Financial Stewardship, Revenue Administration Practices, Revenue Collection Performance, Revenue Source

TABLE OF CONTENTS

| | |
|---|------------|
| DECLARATION..... | iii |
| ACKNOWLEDGEMENT..... | iv |
| DEDICATION..... | v |
| ABSTRACT..... | vi |
| TABLE OF CONTENTS | vii |
| LIST OF FIGURES | ix |
| LIST OF TABLES | x |
| ACRONYMS AND ABBREVIATIONS..... | xi |
| OPERATIONAL DEFINITION OF TERMS..... | xii |
| CHAPTER ONE | 1 |
| INTRODUCTION..... | 1 |
| 1.1 Background of the Study..... | 1 |
| 1.2 Statement of the Problem | 8 |
| 1.3 Objectives of the Study | 9 |
| 1.4 Research questions | 10 |
| 1.5 Justification of the Study..... | 10 |
| 1.6 Scope of the Study..... | 11 |
| CHAPTER TWO | 13 |
| LITERATURE REVIEW | 13 |
| 2.1 Introduction | 13 |
| 2.2 Theoretical Review | 13 |
| 2.3 Empirical Review and Knowledge gap..... | 16 |
| 2.4 Summary and Knowledge Gaps..... | 22 |
| 2.5 Conceptual Framework | 23 |
| 2.6 Operationalization of Study Variables | 27 |
| 2.7 Study Hypothesis..... | 29 |
| CHAPTER THREE | 30 |
| RESEARCH METHODOLOGY | 30 |
| 3.1 Introduction | 30 |
| 3.2 Research Design..... | 30 |
| 3.3 Target Population | 31 |
| 3.4 Sample Size and Sampling Procedure..... | 32 |

| | | |
|--|---|-----------|
| 3.5 | Data Collection and Research Instrument | 32 |
| 3.6 | Reliability and Validity of the Instrument..... | 33 |
| 3.7 | Data Processing and Analysis | 35 |
| 3.8 | Ethical Issues..... | 37 |
| CHAPTER FOUR..... | | 38 |
| DATA ANALYSIS, FINDINGS AND DISCUSSIONS | | 38 |
| 4.1 | Introduction | 38 |
| 4.2 | Response Rate | 38 |
| 4.3 | Analysis Background Information | 39 |
| 4.4 | Descriptive Analysis of Study Variables | 45 |
| 4.5 | Diagnostics testing | 60 |
| 4.6 | Model Fitting..... | 62 |
| 4.7 | Hypothesis Testing..... | 67 |
| CHAPTER FIVE | | 72 |
| CONCLUSION AND RECOMMENDATIONS..... | | 72 |
| 5.1 | Introduction | 72 |
| 5.2 | Summary of Study Findings..... | 72 |
| 5.3 | Conclusions | 77 |
| 5.4 | Recommendations | 80 |
| REFERENCES..... | | 83 |
| APPENDICES | | 88 |
| APPENDIX I: LETTER TO RESPONDENTS..... | | 88 |
| APPENDIX II: QUESTIONNAIRE | | 89 |
| APPENDIX III: RESEARCH PERMIT | | 96 |
| APPENDIX V: RESEARCH AUTHORITY..... | | 97 |

LIST OF FIGURES

| | |
|--|----|
| FIGURE 1 Conceptual Framework | 25 |
| FIGURE 2 Analysis by Respondents by Gender | 40 |
| FIGURE 3 Analysis by education qualifications attained | 41 |
| FIGURE 4 Highest Professional qualifications | 42 |
| FIGURE 5 Analysis by Position held in the County | 43 |
| FIGURE 6 Analysis by years worked in revenue collection department | 44 |

LIST OF TABLES

| | |
|---|----|
| TABLE 1 Operationalization of Study Variables | 28 |
| TABLE 2 Target Population..... | 31 |
| TABLE 3 Reliability Tests | 34 |
| TABLE 4 Analysis by Response Rate | 38 |
| TABLE 5 Influence of revenue sources on the revenue collection performance | 46 |
| TABLE 6 Influence of revenue administration practices on revenue collection performance | 49 |
| TABLE 7 Influence of financial stewardship on revenue collection performance | 53 |
| TABLE 8 Status of Revenue Collection Performance | 57 |
| TABLE 9 Tests of Normality | 60 |
| TABLE 10 Results of Multi-collinearity Tests on Independent variables | 61 |
| TABLE 11 Heteroscedasticity Test | 61 |
| TABLE 12 Correlation Analysis | 63 |
| TABLE 13 Regression Results on Revenue Collection Performance and Financial Management Practices | 65 |
| TABLE 14 Model Summary..... | 67 |
| TABLE 15 ANOVA for Revenue Collection Performance | 70 |

ACRONYMS AND ABBREVIATIONS

| | |
|----------------|--|
| DV | Dependent variable |
| GoK | Government of Kenya |
| ICPAK | Institute of Certified Public Accountants of Kenya |
| IV | Independent variable |
| KMA | Kumasi Metropolitan Assembly |
| NACOSTI | National Council of Science and Technology |
| SPSS | Statistical Package for Social Sciences |
| ERP | Enterprise Resource Planning |
| VIF | Variance Inflation Factor |
| CLM | Classical Linear Model |

OPERATIONAL DEFINITION OF TERMS

County revenue is defined as the proceeds from taxes and fees levied by County Governments such as; business permits, land rates, parking fees, license fees, cess, transport permits and rent (Namoit, 2012).

Devolution refers to the transfer of administrative duties, political powers and fiscal resources from National Government to County Governments (Government of Kenya, 2010).

Financial Management Practices are those practices performed in budgeting, supply chain management, asset management and financial governance by the accounting officer. Its main components being sources of funds, capital allocations and investment strategies in place. (Makokha *et al.*, 2014).

Revenue Collection Performance is defined as the revenue collected by an entity during and after every financial period. This is measured through attainment of set targets set at the start of each period (Owolabi, 2011).

Revenue Source refers to the various revenue streams from which an entity derives its income. In Government it generally refers to the various taxes and levies received from the taxpayers (Carcello, Williams, Haka & Bettner, 2008).

Revenue Administration Practices are defined as the processes, policies, procedures surrounding the revenue collection environment (Balunywa *et al.*, 2014).

Financial Stewardship refers to the ability of the county staff to manage revenue including; raising the funds needed, allocating these funds to the most productive uses, and exercising of control over the way the funds are collected (Harvard University, 2017)

CHAPTER ONE

INTRODUCTION

This chapter lays the background of the study and discusses financial practices as it relates to the revenue collection performance by explaining the background information, statement of the problem, stating the study objective, giving the significance and the justification of the study including the scope.

1.1 Background of the Study

Kenya has been struggling to address various socio-economic injustices and low development levels through the initiation of various reforms mainly focusing on devolving funds (Owuor, et al., 2013). The reforms target to transform the country to a middle-income country by 2030. When devolving these funds, the Constitution of Kenya transfers some of the authority to collect revenue and incur expense from the National Government to County Governments strategizing at increasing service delivery to the Kenya citizenry. The most prominently enhanced funds' devolution was the one promulgated in the Kenyan Constitution 2010, which in 2010 created one national government and 47 County Governments across the country (Namoit, 2012). This devolution transferred most of the powers and responsibilities for public services planning and delivery from the Central Government to the County Governments by stipulating funds devolution in the constitution is seen as a major remedy for addressing the failures in political governance inequalities such as rent-seeking, economic stagnation, corruption and insufficient use of public resources. As it serves as a path to national unity, devolution is driven by the objective of enhancing socio-economic benefits to the public and improvement of public service delivery (Makokha, 2014).

The constitution of Kenya (2010) lays the basis of devolution of funds in Kenya to the 47 County Governments. The counties also are empowered to collect direct revenues and incur expenses locally (Mungai, 2009; Owuor, Chepkuto, Tubey & Kuto, 2013). The constitutional provisions allow County Governments to perform certain functions in service delivery and development at the grassroots level without relying on the National Government funding. The County Governments ensure investment in socio-economic development and growth at the grassroots and service delivery (Ngotho & Kerongo, 2014). The county economic development, growth, and improved service delivery emerge from proper finance management and collection of revenue at the county level (Makokha, Alala, Musiega & Manase, 2014).

High revenue collection performance is vital in promoting efficiency in the service delivery and economic development at the counties (Ngotho & Kerongo, 2014). However, studies have shown that most counties in Kenya face various challenges in their revenue collection performance, to the extent that they are not able to collect sufficient funds to finance recurrent and development expenditure. This reflects into revenue shortfalls in their budget expectations, which fall short of targeted revenue collections (Balunywa *et al.*, 2014). Onyango (2013) and ICPAK (2014) found that poor revenue collection performance is because of ineffective collection management in the counties.

Financial theories indicate that efficient financial management such as ensuring that appropriate financial systems are in place to ensure enhance high revenue collection. The existence of efficient financial management practices makes a substantial difference between the success and failure in revenue collection. Ismail (2013) explains that the main challenges in revenue collection rotate around financial resources, human resources, and administrative resources. Studies indicate that the factors affecting the performance of revenue collection in Counties include; staff capacity (Makokha *et al.*, 2014; Balunywa, 2014), revenue collection

systems (Makokha *et al.*, 2014; Ndyamuhaki, 2013), and revenue sources (Balunywa, 2014). Staff capacity is associated with the human resource capacity (Makokha *et al.*, 2014) and their ability to manage the entire revenue collection mechanism. The main considerations in respect of staff proficiency include; qualifications, experience, and adequacy.

The study by Owuor *et al.* (2013), showed that county Governments fail to achieve the expected revenue collection performance due to poor revenue management practices. The study explains that efficiency in revenue collection practices determines the success or failure of revenue collection. Achievement of such a goal is enhanced by effective financial practices and strategies, which are geared towards generating adequate income sufficient to cover operational costs. Effective financial management practices are based financial governance, capital investments and capital allocations (Mupemhi *et al.*, 2013). On the contrary, lack of adequate financial management practices is the highest limitation to sustainability of revenue collection performance.

1.1.1 Financial Management Practices

Financial management practices is defined as those practices performed in budgeting, supply chain management, asset management and financial governance by the accounting officer, the chief financial officer and other business process owners (Makokha *et al.*, 2014). The most common financial management practices crucial for an efficient financial management in organizations include; Accounting Information Systems, Financial Reporting and Analysis , Working Capital Management, Fixed Asset Management and Capital Structure Management (Macharia, 2015). In the simplest terms; the main components of financial management practices are; financial stewardship, Sources of funds (capital structure), capital allocations and investment strategies.

Revenue collection performance is related to these financial management practices namely; Revenue sources, revenue administration practices and financial stewardship (Mupemhi *et al*, 2013). These practices would help the County to be more financially sustainable, as they remain economically relevant. Thus, achievement of County goals is enhanced by effective financial management practices, which would be geared towards generating adequate revenue sufficient to cover all its operational and maintenance costs. However, lack of adequate financial management strategies is regarded as the highest weighty factor limiting sustainability of revenue collection performance amongst counties (Rundh, 2007).

1.1.2 Revenue source

County Governments have certain legislated revenue sources for their financing and others designed by the county, which may be internal or external. Counties collect revenues from parking fees, trading and license fees, rent and rates, donations and Government grants (Balunywa, 2014; Makokha *et al.*, 2014). The prevailing challenges in revenue collection in counties range from, tax base capacity, adequacy of National Government allocation, cooperation between national and County Government, consistency of revenue disbursement, to the reliability of the revenue source.

Kajiado County government receives its revenue from avenues like quarry royalties, advertisements, mining permits, parking fees and business permits, land and capital investments all of which are supposed to generate sustainable cash flows to sustain the county and prompt for economic development.

1.1.3 Revenue Administration Practices

The revenue administration strategies, which set the basis and foundation of revenue collection, involves; financial legal framework, institutional policies and procedures, stakeholder participation and planning for revenue collection (Makokha *et al.*, 2014). The counties are supposed to design an effective legal framework in their finance bill required to support total revenue collection. The county needs to establish clear-cut revenue administration practices to positively impact the revenue collection, specifically the legal framework and institutional policies should be designed to ensure perfect revenue collection process and compliance to the county budget. Further, the participation of all the stakeholders is very vital when seeking to ensure the effectiveness of revenue collection (ICPAK, 2014). According to ICPAK (2014), stakeholders' participation is a civic duty towards management of public resources that provide an anchor to revenue collection. The public can also participate through petitions to the executive and county assemblies.

1.1.4 Financial stewardship

Financial stewardship capabilities are associated with the human resource capacity to manage the revenue collection mechanism. It is worth noting that only staff with aptitude are likely to deliver whilst handling the revenue collection system. The main considerations in this aspect include; academic qualifications, professional qualifications, experience, training, and staff remunerations. Presence of effective and efficient financial management capabilities would mean that revenue collection performance is excellent and compliance with county budgets and the funds are adequate for the county (Makokha *et al.*, 2014).

An effective and efficient financial stewardship is determined by the skills, ability, quality, perception and character of the staff. According to (Okpako *et al.*, 2014) staff provide the management with adequate and sufficient financial management information for prudent

decision-making, management therefore, should invest in the staff and provide assurance of adequate use of their human resources. Moghaddam *et al.* (2014) postulate that employees' performance is enhanced by their knowledge, skills, culture, commitment and it is important to empower them for the purpose of decision-making and performance.

1.1.5 Revenue Collection Performance

Revenue collection performance is the actual revenue collected compared to the revenue target. High revenue collection performance is vital to promote efficiency in the service delivery and economic development at the counties (Ngotho & Kerongo, 2014). According to Jones (2009) revenue collection, compliance should be achieved and accurate revenue information. Revenue compliance is considered high when all revenue due is collected at the right time. Improvement of the tax compliance level ensures that the expected revenue is actually collected, which eventually enhances efficient service delivery and economy development (Olatunji, 2009).

According to Gummesson (1994), certain benefits are associated with the collection of the due revenue including; improving efficient public service delivery thus ensuring high revenue collection performance. Katzan (2008) supported these sentiments by indicating that service delivery revolves around the provision of assistance and expertise through interrelated service processes, where high tax compliance expectations are the backbone of the system and customer satisfaction is the most important concern (Cuomo 2000). The revenue collection performance will be measured using revenue collection compliance with budget estimates. Ngotho and Kerongo (2014) that showed that revenue collection compliance levels mainly affected revenue collection.

Poor revenue collection performance for county governments adversely affects empowering citizens, socio-economic development and does not guarantee sustainable service delivery (Ziria, 2008). As government revenue declines so does the revenue collection

performance, service delivery and economic development (Muriithi, 2013). The public choice theory suggests that the high revenue collection performance is necessary for sufficient service delivery, socio-economic growth and development at the County level (Namoit, 2012).

According to Mutua (2014), counties need to consult the public when developing their budgets, provide links between county policies and spending, adoption of performance based budgeting necessary for improvement of the budget narrative and non-financial performance targeting. Adoption of some of these strategies will significantly influence Kajiado County Government revenue collection performance.

1.1.6 Concept of Organizational Performance

Organizational performance comprises of the actual results of an organization as measured against its intended objectives. According to Richard *et, al.* (2009) organizational performance encompasses three specific areas of an organizations outcome, i.e. financial performance (profits, revenue collection performance, return on investment), product market performance (sales, revenue, market shares) and shareholder returns. Performance is attained when the outcome meets the objectives laid out, Noye (2002). Performance is heavily reliant on organizational capacity to react to the unknown futures of the business environment. Performance maybe interlinked to economy, effectiveness, efficiency and equity and how they all impact the economy.

Performance of Kajiado County Government has been conceptualized on financial indicators such as revenue collection performance, achievement of targets and budget compliance. The efficiency of the county to collect sufficient revenue inflows from avenues like quarry royalties, advertisements, mining permits, parking fees and other miscellaneous sundry incomes is a key performance indicator that the county is performing in as far as revenue collection performance is concerned. Kajiado County government has seven main

administrative divisions namely; Ngong, Ongata Rongai, Kiserian, Kitengela, Oliotoktok, Namanga and Sultan Hamud covering a vast area of over 21,000 km² (Kajiado county fiscal strategy paper 2016). Collection of sustainable revenue cash flows from all these divisions is very significant to the self-sustainability of the county's economic development and efficient service delivery to the citizens.

1.2 Statement of the Problem

Devolution of funds under the Kenya Constitution (2010) is considered key to the county economic development and service delivery through direct National Government revenue allocation. According to Owuor *et al.* (2013) most counties in Kenya face major challenges in revenue collection, since large amounts of revenues remain uncollected, leaving huge local revenue collection gaps for example Kajiado County was only able to collect KES. 557 Million out of the targeted revenue of KES. 900 Million In the 2016/17 Financial Year. This translated to 62% of the budget achievement and a 14% decrease from the 2015/16 Financial Year (Kajiado County, 2017). In such a scenario, the County is unlikely to spur economic development at the grassroots as well as effectively deliver services to its citizens.

Empirical studies have significantly related the revenue collection performance to financial management practices factors; financial stewardship, revenue administration strategies, and revenue source (Balunywa, 2014; Makokha *et al.*, 2014; Ndyamuhaki, 2013). Muriithi (2013), showed that County Governments need to ensure sound revenue collection. Ngotho and Kerongo (2014) found that compliance was a major issue among Kenya counties. Studies by Balunywa *et al.* (2014) and Makokha *et al.* (2014) revealed that; staff capacity, revenue administration practices and revenue source are important determiners of revenue collection performance. Other studies by Otieno *et al.* (2013) and Ndyamuhaki (2013)

identified the factors responsible for formulation of revenue policies but do not expand beyond the confines of variables that have a causal relationship with revenue collection performance.

The empirical studies reviewed did not comprehensively cover the performance of revenue collection in Kajiado County as influenced by financial management practices. Therefore, there is the need to do more research on revenue collection performance so that solutions to the problems hindering the achievement of revenue collection in devolved Governments are addressed. There is no sufficient literature on the causal relationship between revenue collection and financial management practices in Kajiado County Government. This state of affairs motivated the need to conduct the present study.

1.3 Objectives of the Study

1.3.1 General Objective

The general objective was to determine the influence of financial management practices on revenue collection performance of Kajiado County Government

1.3.2 Specific objectives

Specific objectives of the study were:

1. To establish the influence of revenue sources on the revenue collection performance of Kajiado County Government.
2. To establish the influence of revenue administration practices on revenue collection performance of Kajiado County Government.
3. To establish the influence of financial stewardship on revenue collection performance of Kajiado County Government.

1.4 Research questions

The study answered the following questions:

1. What is the influence of revenue source on the revenue collection performance of Kajiado County Government?
2. What influence does revenue administration practices have on revenue collection performance in Kajiado County Government?
3. What is the influence of financial stewardship on revenue collection performance in Kajiado County Government?

1.5 Justification of the Study

The revenue collection among counties in Kenya had been highly challenged due to inefficiencies in revenue collection systems (Kimani, 2013). Poor collection of revenue had an adverse effect on the achievement of socio-economic development such as infrastructure, health, water and education, security and local justice in the counties (Namoit, 2012). Although devolution of funds regarded as the avenue to successful socio-economic development in Kenya, there was limited research on the impact of financial management practices on direct revenue collection performance of counties in Kenya. The available studies had not given clear-cut solutions to the challenges being faced by county Governments in revenue collection and hence the proposed study. The purpose of this study was therefore to assess the effects of the variables influencing the financial management practices on the revenue collection performance of Kajiado county Government. This study would be of benefit to Kajiado county Government, policy makers, public and other stakeholders including academicians and researchers.

1.5.1 Kajiado County Government

It would help the county to identify key problem areas and provide related solutions to reduce, significantly its revenue shortfall thus subsequently improving their revenue collection performance.

1.5.2 Policy Makers

The policy makers which include County and National Government officials would use it to assess the capacity of county Governments in managing revenue collection and to enable them to put in place policies and legislation to support the administration of revenue collection in devolved Government.

1.5.3 The public and Stakeholders

The study findings would be important in understanding the challenges facing counties in terms of revenue collection and the effect on service delivery. It would also help the public in terms of awareness when it comes to public participation in deliberating county budget proposals.

1.5.4 Academicians and Scholars

The study added new knowledge in the revenue collection and related challenges facing devolved Governments. It would also be useful to academicians and scholars in carrying out further research in county financial management practices.

1.6 Scope of the Study

The study focused on the influence of financial practices on the revenue collection performance of Kajiado County Government, Kenya. To attain this objective the study measured the three key variables, revenue source, revenue administration practices and financial stewardship on

the revenue collection performance of Kajiado County Government. The population of the study comprised of staff in the County's treasury department as the key respondents.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of literature pertinent to the study as presented by various researchers, scholars', analysts and authors. This chapter summarizes literature reviewed for the purpose of the study. The literature covers an overview of the previous studies, findings, and recommendation showing the research gap to be filled and the theoretical framework. The literature review helped the study to develop a conceptual framework. The chapter concludes with a conceptual framework for the study and the operationalization of the study variables.

2.2 Theoretical Review

The study was anchored on three theories namely public choice theory, prospect theory and expectation theory. The said theories were used in the design and development of the conceptual framework. These theories were instrumental in guiding the proposed study to identify the causal relationship between key variables and revenue collection performance in Kajiado County. It is through this review that research and knowledge gaps were identified.

2.1.1 *Public Choice Theory*

According to Richard (2009), the public choice theory was initially usable in Governments as a budget-maximizing model for the purpose of maximizing their own economic benefits. Since democratic arrangements were very poor predictors of citizens' preferences, the public choice theory was designed with the optimum goal of allocating goods and making decisions based on public functions management. The public choice theory is more in providing an opportunity to promote socio-economic development, economic growth and service delivery among

Government agencies through ensuring high revenue collection performance in devolved Governments (Namoit, 2012). This is based on the premise that devolved County Governments present opportunities to promote socio-economic development and service delivery in the counties, which are generally rated through efficiency of growth and provision of them respectively (Muriisa, 2008).

Public choice theory is instrumental in design budget-maximizing systems and features that promote the high revenue collection performance needed to accelerate the county socio-economic growth and development through its effectiveness and high collection performance. This theory becomes the basis of high revenue collection performance to sufficiently support service delivery, socio-economic growth and development at the grassroots level (Muriisa, 2008; Namoit, 2012), thereby achieving the financial objectives of the County Government. Due to the proposition by public choice theory, the current study found relevant to use revenue collection performance as the dependent variable since it is the main performance indicator of the County.

2.1.2 Prospect Theory

This theory is a behavioral economic theory, which describes human behavior when making certain choices between probabilistic options that involve a risk element, where the probabilities of the outcomes are still uncertain (Tversky, 1992). Some behaviors observed in economics concerning risk aversion/risk seeking in case of gains and losses make this theory applicable to try to explain tax evasion and avoidance behaviors amongst taxpayers. This behavior automatically prompts revenue collection enforcement to ensure compliance.

A study by Sandmo (1981) showed that the taxpayer would choose to evade taxes if the expected return on evading tax is positive. With a positive expected return to tax evasion, prospect theory predicts that all taxpayers hide some income (Dhamia, 2006). Taking into

account the unintentional misreporting of income, evidence also suggests that close to 30 percent of taxpayers evade taxes (Yitzaki, 2002).

According to Alm *et al.* (1992) suggested that one possible reason as to why people pay taxes is that the taxpayer might be using non-linear probabilities to weigh the chances of a tax audit, this provides an obvious deterrent to tax evasion practices. Bernasconi *et al.* (2004) uses prospect theory to tax evasion by taking into consideration a general reference point of two states of mind, that is, “income is audited” and income is not audited”. In this setting, it was established that there is a possibility for the taxpayer to be in both regions of experiencing losses and gains. The taxpayer will feel more aggrieved towards experiencing losses than the pleasure of getting gains from tax evading strategies (Dhamia, 2006) thus making them highly susceptible to tax evasion practices.

The norms of compliance models rest on tax culture, where tax compliance is influenced by the tax culture of that area, societal issues and circumstance (Kirchler, Muehlbacher, Kastlunger & Wahl, 2007). In fact, the revenue administration strategies and revenue sources account for the way taxpayers behave towards compliance level to revenue collection. According to Alm *et al.* (1992), norms of compliance, tax compliance is higher where the taxpayers in that region consider tax compliance important and essential due to the perception created by the existing revenue collection systems and process.

Prospect theory is relevant in explaining taxpayer behavior towards tax evasion and ultimately compliance to the same. This compliance is significant in the development of strategies to be used when enforcing revenue administration strategies that are effective and efficient to develop and implement on the citizenry. The study found it very important to use prospect theory to establish revenue administration practices as an independent variable to try

to explain how it influences taxpayer behavior and subsequently revenue collection performance of Kajiado County Government.

2.1.3 *Expectation Theory*

The expectation theory is based on the premise that the public is in need of getting results of a particular endeavor since there are gaps between the actual results and expectations (Chandler & Edwards, 1996). The theory emphasizes the role theory, also known as the situation-act model by Chell (1985), where the revenue collection agency has to enact roles, specifications, qualifications, and requirements in order to manage revenue collection situation.

It proposes that an individual will behave or act in a certain manner when motivated to act in a specific behavior if they know the results to expect from acting in that specific manner. It emphasizes for organizations to link performance and rewards systems directly to recipients who deserve it (Montana & Charnor, 2008). There are specific forms of behavior required to carry out a particular task contained in a position, which depends on the staff capacity. Each role has certain set expectations and if they are performed up to par, performance is well rated, otherwise there will poor performance.

The study found the expectation theory useful in linking the financial stewardship to the revenue collection performance since the theory suggests that revenue collection performance relies on the roles, duties, qualifications, and proficiency of the staffers.

2.3 *Empirical Review and Knowledge gap*

Various empirical studies were found beneficial to the present study by appropriately strengthening it and thereby build a strong foundation. The present study reviewed these past studies under the classifications: performance of revenue collection performance, revenue source, revenue administration strategy and financial stewardship and three theories pertinent

in explaining how they may influence the revenue collection performance, they are; public choice theory, prospect theory and expectation theory.

2.2.1 Revenue Collection Performance

A study by Ngotho and Kerongo (2014) on the determinants of revenue collection in developing countries: Kenya's tax collection perspective that showed compliance levels and tax rates were factors that mainly affected revenue collection. The study recommended that Governments should initiate tax compliance campaigns to sensitize citizens on the importance of tax to the sustainability of a nation. The findings were useful in showing that there is influence of revenue collection on performance of counties. However, the study fell short of establishing causes of low revenue collection performance.

A study by Agyapong (2012) on the effectiveness of revenue mobilization strategies in Kumasi Metropolitan Assembly (KMA) revealed that the infrastructural projects needs and demands for development were unachievable due to insufficient revenue margins. The study concluded that the Local authority was not self-sustaining through revenue collection, which meant that it had not developed new and sustainable strategies to improve its revenue collection performance. The study recommended that corruption, which is the main challenge to revenue collection be mitigated to ensure high revenue collection performance. The evaluation of effectiveness of revenue mobilization strategies of metropolitan, municipal and district assemblies (MMDAs) in Ghana revealed that the infrastructural projects needs and the demands for development could not match revenues collected due to the county not sufficiently empowering itself through revenue collection. However, it lacked new and sustainable strategies to improve its performance in revenue collection and could not explain the causes of low revenue collection as they were not identified.

According to Richard *et al.* (2009) performance of an organization may be perceived as the level to which the organization has been able to attain the laid out targets. In view of this, performance measures in the study include revenue growth rate, revenue collection and budget compliance

2.2.2 Revenue Source and Revenue Collection Performance

Ngicuru, Muiru, Riungo, & Shisia, (2017) carried out an empirical review of factors affecting revenue collection in Nairobi County, Kenya, which revealed that different forms of revenue affect revenue collection differently thus requiring understanding of their appropriateness for maximum benefits. The study failed to highlight sources of revenue in place that motivated the proposed study to establish the effects of utilization of certain components of revenue sources for improvement of revenue collection.

The study by Nuluva (2015) on factors affecting revenue collection in local government authorities: the case of four recognized local government authorities in Morogoro region, Tanzania, found that local government authorities failed to generate income from operations for development purposes due to low revenue collection performance. The study recommended that local Governments, a near equivalent to County Governments in Kenya, should take measures on factors affecting revenue collection to in order to strengthen revenue collection.

Balunywa, Nangoli, Mugerwa, Teko, & Mayoka, (2014) carried out study on analysis of fiscal decentralization as a strategy for improving revenue performance in Ugandan Local Government. Balunywa *et al.* (2014) established that Local Governments should diversify their revenue streams to ensure increased compliance and therefore recommended that local Governments to diversify their sources as they tighten the laws on revenue collection to ensure increased compliance. According to Balunywa *et al.* (2014) fiscal decentralization helps identification of more sources of revenue. However, this study could not establish the effect of

revenue sources on revenue collection performance therefore; the present study established the influence of revenue sources on the revenue collection performance.

2.2.3 Revenue Administration Practices and Revenue Collection Performance

Ngicuru, *et al.* (2017) study revealed that Revenue diversification strategies increased the amount of revenue collected in Nairobi City County. However, implementable strategies for improving revenue collection performance were not identified. The study by Addo (2015) on the assessment of revenue generation processes and strategies in the district assemblies: a case study of the North Tongu district assembly, Ghana found that poor logistics and lack of adequate monitoring resulted in revenue leakages in their general performance. The study concluded that in order to improve the system of revenue generation, there is the need to involve various stakeholders in the budget making process and establishment of revenue sources, while using efficient collection systems. This study did not adequately establish the effect of the revenue administration strategies on revenue collection performance. The current study therefore filled this gap.

A study by Ndyamuhaki (2013) on the factors affecting revenue collections in local Government in Kampala, Uganda found that constraints in local revenue collection are; administrative inefficiencies, lack of general sensitization, tax illiteracy, lack of auditing of tax revenue returns and lack of enough tax education. The study recommended for tax reforms to change the tax structure, change the tax system from being regressive to progressive among other recommendations. The study did not adequately address the effect of revenue administration strategy on revenue collection performance. This propelled the current study to explore revenue administration strategy and its influence on the revenue collection performance of Kajiado County in Kenya as a way of locking this gap.

Balunywa *et al.* (2014) study on the analysis of fiscal decentralization as a strategy for improving revenue performance in Uganda indicated that fiscal decentralization helped reduce corruption, improved revenue performance, better planning for revenue collection, reduction of tax evasion and enabled identification of more sources of revenue. It recommended that there is a need to restrict political leaders from interfering with the work of technical staff. The findings also indicate that salaries for technical staff be increased to minimize corruption and improve on revenue performance. Makokha *et al.* (2014) study showed that corruption affected revenues collected leading to low local revenues collected. The current study seeks used this to look at how external factors like political influence and poor accessibility influences the duties and responsibilities of staff in Kajiado County government thus proposing revenue administration practices as a variable and its subsequent influence on the revenue collection performance.

2.2.4 *Financial Stewardship and Revenue Collection Performance*

Ngicuru, *et al.* (2017) in their study on an empirical review of factors affecting revenue collection in Nairobi City County, Kenya found out that creating competitive terms for their employees attracts skilled and competitive employees. The study did not highlight the effects of financial stewardship on revenue collection performance. It was not clear on the effects of financial stewardship skills on the revenue collection of the county despite the study highlighting the usefulness of the financial stewardship skills. Accordingly, the proposed study seeks to study influence of financial stewardship on the revenue collection performance by focusing on staff proficiency.

Nuluva (2015) study on the factors affecting revenue collection in local Government in Tanzania established that the problem of inexperienced and unqualified personnel was aggravated by lack of training facilities and opportunities in the County. Addo (2015) in his

study on assessing revenue generation processes and strategies in the district assemblies: in North Tongu district assembly, Ghana, established that poor training of revenue collectors had an impact on the performance of the staff in their daily duties and responsibilities. In order to improve the system of revenue generation, there is the need to provide adequate staff development in the Assembly. This motivated this study to assess the influence of financial stewardship on revenue collection performance.

Locally, Ndungu (2014), conducted a study on factors affecting accountability of resources in Kiambu County Government, Kenya. The study findings indicated that staff incentives aligned with performance measures to goals and objectives enhanced productivity. The incentives can be in the form of performance-based bonuses. However, the influence on financial stewardship on revenue collection performance was not covered. This study filled the said gap by analyzing the effects financial stewardship of on revenue collection performance.

A study by Balunywa *et al.* (2014) on the analysis of fiscal decentralization as a strategy for improving revenue performance in Uganda indicated that poor revenue performance in local Governments was due to retaining under skilled revenue collection staff and recommended for better skilled labor that will help enhance better revenue performance. Further, the study findings indicated that other causes of revenue shortfalls include corruption, nepotism and political interference among others. The study also recommended that Government should increase minimum qualifications for elected public officials to attract capable leaders who understand Government programs better. This helped reduce political interference and inefficiency. The study setup made it ungeneralizable in a Kenyan context and hence the gap. The study established the influence of financial stewardship on the revenue collection performance in a Kenyan county, Kajiado County Government.

Makokha *et al.* (2014) in their study of the determinants of revenue collection maximization among County Governments established that staff competence and staff remuneration affect revenue maximization potential. Specifically, failure to educate and sensitize taxpayers about benefits of paying taxes leads: to low local revenue collected, insufficient supervision during revenue collection, incompetent staff that fails to follow or understand the rules and regulations set by the county. The study was a case of Kakamega County and failed to address the impact of those determinants on the financial stewardship of the staffs. This study filled the gap by establishing the influence of financial stewardship on revenue collection performance of Kajiado County government in Kenya.

Mugambi and Theuri (2014) established that publicity enhanced the efforts made to incorporate the views of the public in the budget, as well as enhancing capacity building within the county treasury department, as the National Government makes efforts to deploy staff, to assist the counties in budget preparation. This study did not establish the effect of the financial stewardship on revenue collection performance. The study sought to fill this gap by assessing the influence of financial stewardship on revenue collection performance of Kajiado County in Kenya

2.4 Summary and Knowledge Gaps

The study by Ngotho and Kerongo (2014) found that compliance was a major issue in Kenya. The study therefore recommended that further studies on the factors that lead to tax non-compliance in Kenya. The studies by Balunywa *et al.* (2014) and Makokha *et al.* (2014) provided immense information on the three factors; staff capacity, revenue administration practices and revenue source, which provides the basis of the proposed study but fell short of showing the role of the revenue collection systems in revenue collection performance.

The studies by Tumushabe *et al.* (2010), Segal and Sen (2011), Agyapong (2012), Ndonye (2012), and Otieno *et al.* (2013) identified the factors responsible for designing revenue policies but did not expand beyond the boundaries to consider factors such as staff capacity, revenue administration practices and revenue sources within their studies' spectrum. The study by (Makokha, 2014) was limited to analysis of factors affecting revenue maximization in Kakamega County Government, from this research more is needed on revenue administration practices and financial stewardship to make a justifiable conclusion on revenue collection performance of County Governments.

The studies reviewed failed to elaborate that the performance of revenue collection is influenced by revenue source, revenue administration practices and financial stewardship skills in enhancing revenue collection performance. Therefore, in view of this gap, there was the need to do more research on performance of revenue collection in order to have solutions to challenges that may affect the achievement of revenue collection performance and hence justification for the proposed study.

2.5 Conceptual Framework

The study developed a conceptual framework based on the theories that were reviewed where public choice theory, prospect theory and expectation theory were useful when considering revenue collection performance as the dependent variable. Dhamia (2006), using the prospect theory the study identified revenue administration strategies as a factor influencing revenue collection since the theory explains that revenue collection performance is influenced by the willingness of the taxpayer base to comply and voluntary disclosures of all their incomes

Expectation theory which showcases how individuals behave when motivated to act in a certain manner anchored financial stewardship as an independent variable influencing

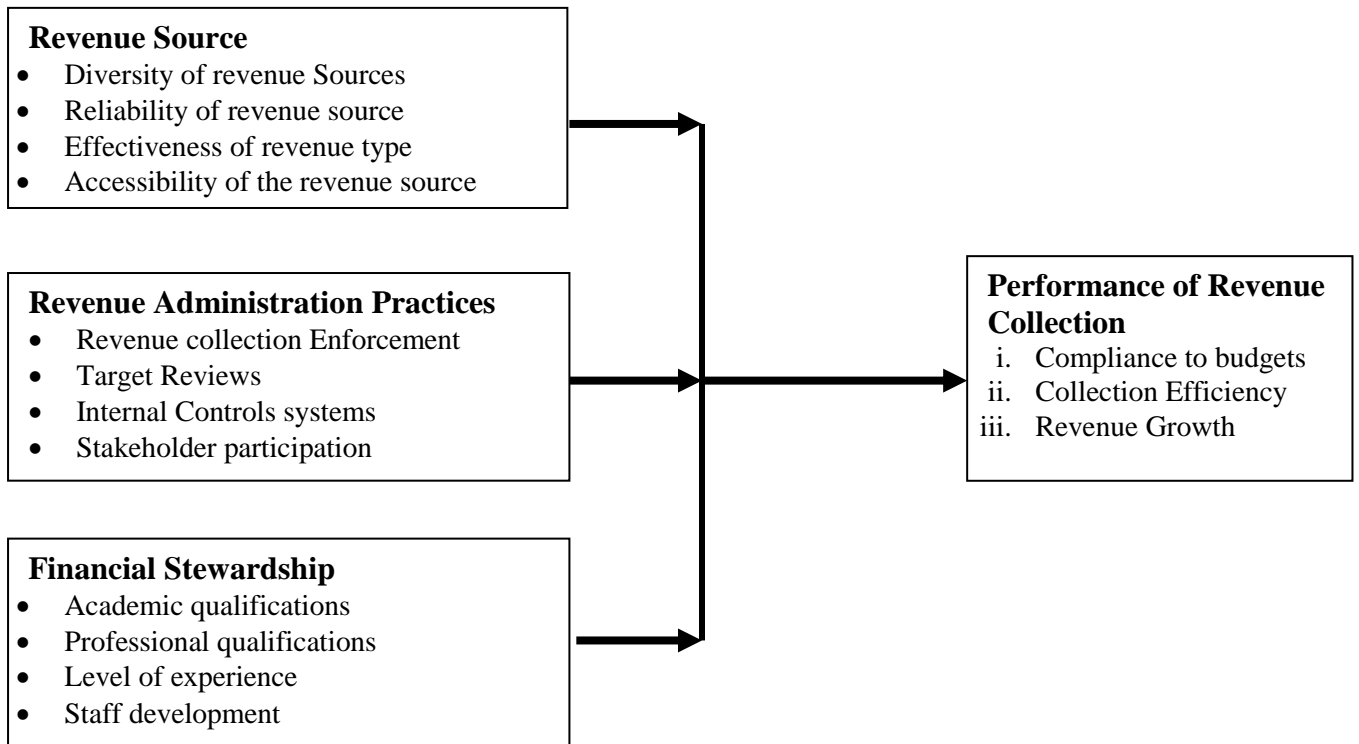
revenue collection performance since it outlines the aptitude and professional levels of staffers and the performance of their duties and responsibilities (Montana & Charnor, 2008).

This study proposed that revenue collection performance in Kajiado County is influenced by revenue source, revenue administration practices and financial stewardship, thus, the three variables are the independent variables while the revenue collection performance in Kajiado County Government is the dependent variable, which were all captured, in the conceptual framework in figure 1 below

FIGURE 1
Conceptual Framework

Independent Variables

Dependent variable



Source: Researcher (2018)

This study suggested that revenue collection performance of Kajiado County government can be measured in term of the following indicators; compliance to budgets, efficiency in revenue collection, consistent revenue growth and the attainment of targets. The study intended to use non-financial measures for measuring the revenue collection performance.

The study proposed that revenue sources influence the revenue collection performance of Kajiado County Government. The performance indicators for this key variable include; diversity of the source of revenue, its reliability, effectiveness of the revenue source and accessibility of the revenue source. Realization of sufficient revenue collection levels is largely

due to reliability of the tax base, which eliminates deficiencies in revenue collection performance thus; reliability of the source of revenue significantly influences the revenue collection performance. The diversification of the portfolio is important for good economic development levels and therefore counties should diversity their tax revenues to widen the tax base.

The study suggested that revenue administration practices when effectively applied is more than likely to influence the revenue collection performance of Kajiado County Government. The main indicators of this being revenue collection enforcement, revenue target reviews, internal control systems in place and the stakeholder participation in the revenue enforcement strategies. Entities that largely depend on what they collect for sustainability need to revamp their enforcement strategies frequently to increase the customer base, as is the case with Kajiado county government. Strong internal controls are also crucial in capping revenue leakages affecting revenue collection performance. Stakeholders who are more active than passive means all the procedures and policies are observed and appraised accordingly. The practices in revenue administration have significant influence on the revenue collection performance of Kajiado County Government.

The study proposed that the financial stewardship, which entails the aptitude levels of staffers in the county treasury department, measured by academic and Professional qualifications, level of experience and staff development of the staff. Proficiency in the performance of daily duties and responsibilities assigned to every staff is significant to the quality of service offered to the citizenry. The study looked at the influence of financial stewardship on the revenue collection performance of Kajiado County Government.

2.6 Operationalization of Study Variables

The operationalization of the study variables is important as it facilitates the measurement of the variables qualitatively and thus enabling the testing of the study hypothesis. The study variables comprise of revenue source, revenue administration practices and financial stewardship as the independent variables and the dependent variable being revenue collection performance of Kajiado County Government as shown in table 1 below.

TABLE 1

Operationalization of Study Variables

| Orientation | Variable | Objective | Indicators | Measurement Scale | Tool of Analysis | Question | |
|-----------------------|---|--|-------------------------------------|--|---|---|---|
| Dependent Variable | Revenue Collection Performance in Kajiado County Government | Assess the joint influence of the three variables in revenue collection performance | Compliance to budget | Ordinal using 5 point Likert scale questionnaire | Regression Analysis Descriptive Statistics | Question 11 in the questionnaire (Section E) | |
| | | | Efficiency of collection | | | | |
| | | | Revenue growth | | | | |
| | | | Attainment of targets | | | | |
| Independent Variables | Revenue Source | To establish the influence of revenue sources on the revenue collection performance of Kajiado County Government in Kenya. | Diversity of the revenue source | Ordinal using 5 point Likert scale questionnaire | Regression Analysis Descriptive Statistics | Question 8 in the questionnaire (Section B) | |
| | | | Reliability of revenue source | | | | |
| | | | Effectiveness of revenue type | | | | |
| | | | Accessibility of the revenue source | | | | |
| | | | | | | | |
| | Revenue Administration Practices | To establish the influence of revenue administration strategies on revenue collection performance of Kajiado County Government in Kenya. | | Revenue collection enforcement | Ordinal using 5 point Likert scale questionnaire | Regression Analysis Descriptive Statistics | Question 9 in the questionnaire (Section C) |
| | | | | Target reviews | | | |
| | | | | Internal controls | | | |
| | | | | Stakeholder participation | | | |
| | | | | | | | |
| Financial Stewardship | To establish the influence of financial stewardship skills on revenue collection performance of Kajiado County Government in Kenya. | | Academic qualifications | Ordinal using 5 point Likert scale questionnaire | Regression Analysis Descriptive Statistics | Question 10 in the questionnaire (Section D) | |
| | | | Professional qualifications | | | | |
| | | | Level of experience | | | | |

Source: Researcher (2018)

The study used a 5-point Likert scale questionnaire approach to scale responses in the questionnaire. The response categories being used to represent an interval level of measurement of data collected (Traylor 1983). Statistical procedures and tests will be used to review robust violations that may arise during data analysis.

The study used descriptive statistics and regression analysis to draw its main conclusions from the data collected by providing simple summaries quantitatively or visually (Kvale 2007). This helped form the initial description on the influence of financial management practices on the revenue collection performance of Kajiado County Government.

2.7 Study Hypothesis

Emerging from the conceptual framework model in figure 2.1, the following hypothesis of the relationship in the study were formulated

Hypothesis 1

H₀: Revenue source does not significantly influence revenue collection performance in Kajiado County Government.

Hypothesis 2

H₀: Revenue administration practices do not significantly influence revenue collection performance in Kajiado County Government.

Hypothesis 3

H₀: Financial stewardship does not significantly influence revenue collection performance in Kajiado County Government.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter explains the methodology used in the study by presenting the research design, target population, sample size and sampling technique, data collection techniques and analysis of the research instrument to be used, validity and reliability testing techniques including data analysis techniques as well as research ethics.

3.2 Research Design

A research design provides relevant information that can effectively react to the research questions posed (Mohammed, 2013). Descriptive data was required to answer the research questions on; the influence of revenue source on the revenue collection performance of Kajiado County Government, the influence of revenue administration practices on revenue collection performance of Kajiado County Government and the influence of financial stewardship skills on revenue collection performance. Descriptive data also highlighted the causal relationship between the variables influencing the revenue collection performance of Kajiado County Government.

The independent variables were tested individually to ascertain whether each variable was significant to any changes in the dependent variable. The study therefore used a descriptive research design. This design portrayed the characteristics of existing theories so as to get the relevant information in establishing the influence of financial practices of the revenue collection performance of Kajiado county Government. Descriptive research design makes use of the six W's (what, when, where, why, how) of research (Gupta & Rangi, 2014) thus deeming a descriptive

study as the most suitable in collecting information on the influence of financial practices on the revenue collection performance of Kajiado County Government.

3.3 Target Population

Target population refers to the entire group of individuals or objects to which a researcher is interested in generalizing the results of the study and having same observable characteristics (Mugenda & Mugenda, 2003). Further, a target population is the number of a real or hypothetical set of people, events or study that a researcher wishes to generalize. According to Kombo & Tromp (2006), target population is the set of elements that a researcher focuses upon which the results obtained by testing the sample should be generalized.

The study considered a target population of 125 staff from the Country Treasury of Kajiado County Government as indicated below Table 2.

TABLE 2
Target Population

| Staff Category | Frequency |
|-------------------------------------|-----------|
| Executive committee member, Finance | 1 |
| County Chief Officer, Finance | 1 |
| Head of departments | 3 |
| Finance and Accounts officers | 22 |
| Revenue Collection Officers | 98 |
| Total | 125 |

Source: Kajiado County Government (2017)

The target population consisted of County Chief Officer finance, head of departments from three departments, Revenue, Economic Planning and Budget and Expenditure department. Moreover, Revenue collection officers from the seven administrative divisions are also pertinent. They provided insightful data to determine how much of an influence financial management practices had on the revenue collection performance of Kajiado County Government

3.4 Sample Size and Sampling Procedure

According to Kendra (2018), a sample is a subset of a population that is used to represent the entire group as a whole especially when it is impractical to survey every member of a particularly large population. Since the target population was small, easily accessible and manageable the study opted to use a census, non-probability method, where the entire target population participated in the study as respondents (Mugenda & Mugenda, 2003)

3.5 Data Collection and Research Instrument

The study collected data from primary sources using a structured questionnaire for collecting primary data from the respondents. Drop in questionnaires used simple semi structured questionnaires that were understandable with minimal guidance. The questionnaire was designed and distributed to the respondents at an agreed upon date.

The study data was collected using a 5-point Likert scale (1-5) questionnaire. The questionnaire consisted of Section A, B, C, D and E. Section A collected data on the respondents background and general information, Sections B,C and D collected data on the three independent variables, revenue sources, revenue administration practices and financial stewardship

respectively. Section E focused on data for the dependent variable, revenue collection performance of Kajiado County Government.

3.6 Reliability and Validity of the Instrument

Reliability test and validity tests are conducted to measure the degree to which research instruments yield consistent results (Mugenda and Mugenda, 2003; Cooper and Schindler, 2008). Validity and reliability tests were undertaken before the research tool was administered to the respondents. During the pilot testing, the study tool was edited and reviewed appropriately. The reliability tests were conducted after successfully carrying out the validity tests. The research tool was corrected accordingly through continuous reviews in order to arrive at a highly reliable and valid instrument which was used in the data collection. This was done after pilot testing.

3.6.1 Reliability Tests

The data was tested for reliability to address any emerging issues from data collection methods, bias and accuracy levels. The test for reliability established the extent to which results were consistent over time. The research instrument was improved by reviewing and updating inconsistent items. To test for this, the study used the internal consistency technique.

This test established the extent of the results consistency over time using Cronbach alpha internal consistency technique. Internal consistency of data was determined by correlating the scores obtained from one time with scores obtained from other times in the research instrument. The coefficient varies from 0 to 1 and a value of less than 0.7, in the social sciences, indicates unsatisfactory internal consistency reliability. Cronbach alpha value indicates higher consistency for a given scale if the alpha value is greater than 0.7, then it will be accepted. Where the coefficient

would have been low, then the item would have been reviewed by either removing it from the tool or correcting it.

The study collected data from six people who did not participate in the main study, which gave the study a bearing on the average length of time the actual data collection would have taken. The results on reliability tests were capture in Table 3 below.

TABLE 3

Reliability Tests

Reliability Statistics and Item-Total Statistics

| | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Cronbach's Alpha if Item Deleted |
|----------------------------------|-------------------------------------|--------------------------------------|--|---|
| Revenue Source | 8.9950 | 1.997 | .856 | .551 |
| Revenue Administration Practices | 8.9783 | 2.031 | .801 | .575 |
| Financial Stewardship | 8.8700 | 2.199 | .246 | .912 |
| Revenue Collection Performance | 10.0867 | 2.127 | .522 | .701 |

Cronbach's Alpha = 0.748; N of Items = 4

Source: Research data (2018)

The results showed that the Cronbach’s Alpha coefficient was 0.748, which was above the threshold of 0.7 as recommended by Kothari (2012) indicating high consistency among the items of the tool. Each of the variables, revenue sources, revenue administration practices and financial stewardship had a very high consistency of study variables, dropping of any of the variables; revenue source, revenue administration practices and revenue collection performance would reduce the internal consistency reliability by 0.551, 0.575 and 0.701 respectively while removing financial stewardship would increase the internal consistency reliability by 0.912. The study

therefore considered the tool as having very high consistency and acceptable for measuring all the study variables to yield consistent and credible results.

3.6.2 Validity Tests

Kothari (2012) asserts that validity is the degree, to which result obtained from analysis of the data actually represents the phenomenon under study, will be done to test the tool for accuracy and meaningfulness using content validity test. This measured the degree to which data collected using a particular tool represented the specific domain of indicators/content of revenue collection performance. Two professional experts; in finance and the research supervisor carried out the assessment of content validity with the supervisor assessing the tools to establish the concepts the instrument was trying to measure. The finance expert determined whether the sets of items accurately measured the performance of revenue collection. The experts were requested to comment on the representativeness and suitability of questions and gave suggestions on the structure of the tools. This helped improve the content validity of the data that was collected.

3.7 Data Processing and Analysis

This is the process of checking, transforming and modelling data to portray useful information, formulating of conclusions and supporting decision making process (O'Neil & Schutt, 2013). After collecting the questionnaires, they were checked for completeness and only the ones completed and properly filled were considered for analysis. The checking was done to ensure the data was accurate and duly completed to facilitate coding and tabulation. A manual screening of the received questionnaires was done to check for completeness and exclusion of incomplete ones was done before any further analysis. During data analysis, the results were classified, measured, analyzed and interpreted to establish how they relate to revenue collection performance. The study used

quantitative analysis to produce descriptive statistics to provide a convenient way to produce the most useful statistics. Descriptive statistics were used to summarize the data. The results were presented in form of means, percentages and frequencies using tables and charts for ease of understanding and analysis. The study data collected using a 5 point Likert scale (1 - 5). The study used Software Package for Social Sciences (SPSS) version 20 in analyzing the data.

The study used inferential statistics to correlate each independent variable (IV); revenue source, revenue administration practices and financial stewardship against the dependent variable (DV); revenue collection performance in Kajiado County to establish whether each had relation to the DV.

Thereafter, multiple regression model was used to explain the DV (Revenue Collection performance) in terms of the IVs; revenue source, revenue administration practices and financial stewardship. The study model was:

$$Y = \beta_0 + \beta_1 X_{i1} + \beta_2 X_{i2} + \beta_3 X_{i3} + \varepsilon \dots\dots\dots (i)$$

Where:

Y = this is the revenue collection performance

β_0 = is a constant, which is the value of dependent variable when there are no other variables present

$\beta_1 - \beta_3$ = Beta coefficients of independent variables

$X_1 - X_3$ = Independent Variables affecting the performance of revenue collection
i.e X_1 = Revenue Source ; X_2 = Revenue Administration Practices; X_3 = Financial
Stewardship

ε = Error Term

The study carried out diagnostic tests on the variables to test for any Classical linear Model violations (CLM) on the study. Normality was tested using Shapiro Wilk test since the target population was greater than 50 as indicated in table 9 below. Multi-collinearity test was done using the variance inflation factor (VIF), this was done on the independent variables to obtain VIF values as indicated in table 10 below. The final test was on heteroscedasticity that was done using the Glejser test that was indicated in table 11 below.

3.8 Ethical Issues

The study ensured that the research is conducted ethically. First the researcher obtained a letter from KCA University as consent to conduct the study. A permit from National Council of Science and Technology (NACOSTI) to conduct the research was obtained. The study ensured that the data was gathered from the respondents whilst maintaining high levels of confidentiality. The respondents were allowed to fill the questionnaire anonymously. A letter of request to participate in the study was also addressed to Kajiado County Government County Commissioner thus ensuring informed consent for participation in the study.

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter presents data analysis and study findings as well as presentation of the results obtained from the analysis of the study data. These results were represented pictorially, using tables and figures for ease of understanding and were interpreted in form of the underlying narrative in the respective representation based on the study objectives. Descriptive statistics was used to present analysis of the quantitative data collected and followed by discussions on the findings done based on literature previously reviewed.

4.2 Response Rate

The study collected data for the Kajiado County Government by administering questionnaire to 125 respondents of the county government. Out of the targeted population (sample size) 125 respondents, only 96 responded by submitting the filled data to the researcher as captured in Table 3 below.

TABLE 4
Analysis by Response Rate

| Respondents Category | Sample Size | Response | Response rate |
|-------------------------------------|--------------------|-----------------|----------------------|
| Executive committee member, Finance | 1 | 0 | 0.00% |
| County Chief Officer, Finance | 1 | 0 | 0.00% |
| Head of departments | 3 | 2 | 66.67% |
| Finance and Accounts officers | 22 | 19 | 86.36% |
| Revenue Collection Officers | 98 | 75 | 76.53% |
| Total | 125 | 96 | 76.80% |

Source: Research Data (2018)

The results in table 4 show that that response rate was 76.53%. According to Mugenda and Mugenda (2003), a response rate of between 49% and 60% is deemed as adequate, while response rate of between 60% and 69% is deemed as good and a response rate above 69% is deemed as very high. Mugenda and Mugenda (2003) posit that a response rate exceeding 69%, rated as very high, will produce accurate results. Accordingly, the response rate of 76.53% which was well above 69% would evidently produce credible results. Although the response rate was very good, the failure of 23.47% to respond was not explained. Notably, the executive committee member (finance) and the county chief officer (finance) did not respond. While 66.67% of the head of departments responded, 86.36% of the finance and accounts officers responded and 76.53% of the revenue collection officers responded to the questionnaire.

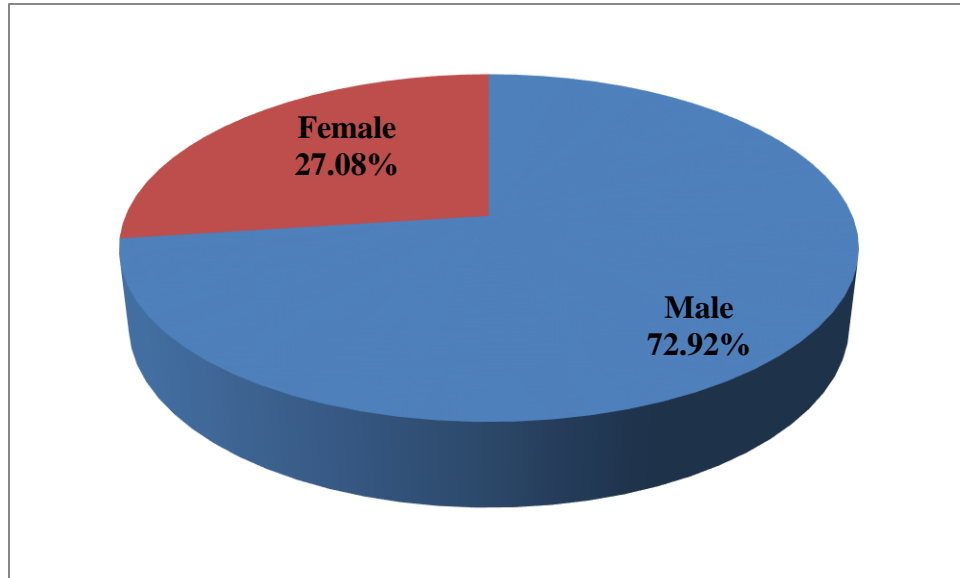
All the respondents adequately filled the questionnaire which provided sufficient information for analysis. After receiving the completed questionnaire, the researcher confirmed and clarified issues arising during data collection with the answers given being adequate for producing credible results.

4.3 Analysis Background Information

The study required the respondents to provide their backgrounds information based on their gender, highest education qualifications attained, highest professional qualifications, position held in the county, and period they had worked in revenue collection department. The results obtained were summarized in Figure 3 below.

FIGURE 2

Analysis by Respondents by Gender



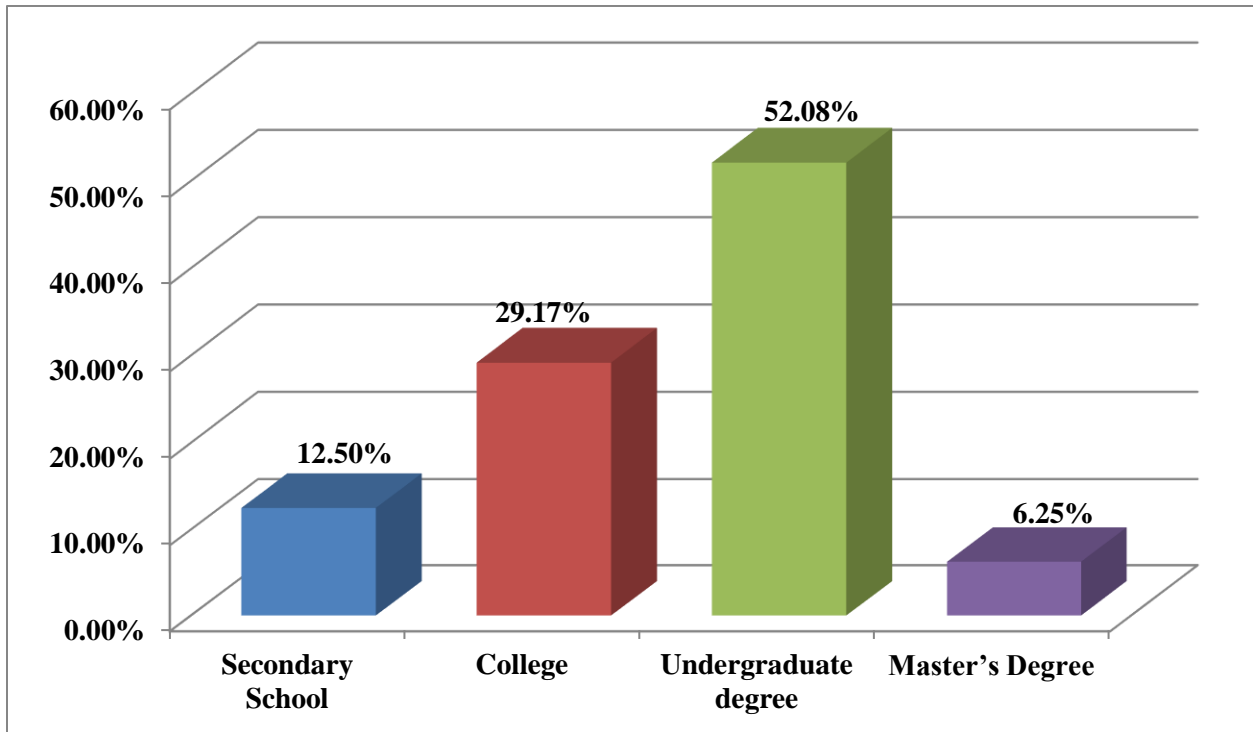
Source: Research Data (2018)

The results in Figure 2, indicate that number of male respondents were 72.92% while the female respondents were 27.08%. This showed gender disparity in the County, based on the requirements of Constitution of Kenya (2010) that no gender should occupy more than 2/3rd of the total representation. However, there was some gender disparity in the study in Kajiado County Government because Males dominate most of the positions in the revenue department.

The study then requested for the respondents to provide information on their education levels where the results were shown in Figure 3 below.

FIGURE 3

Analysis by education qualifications attained



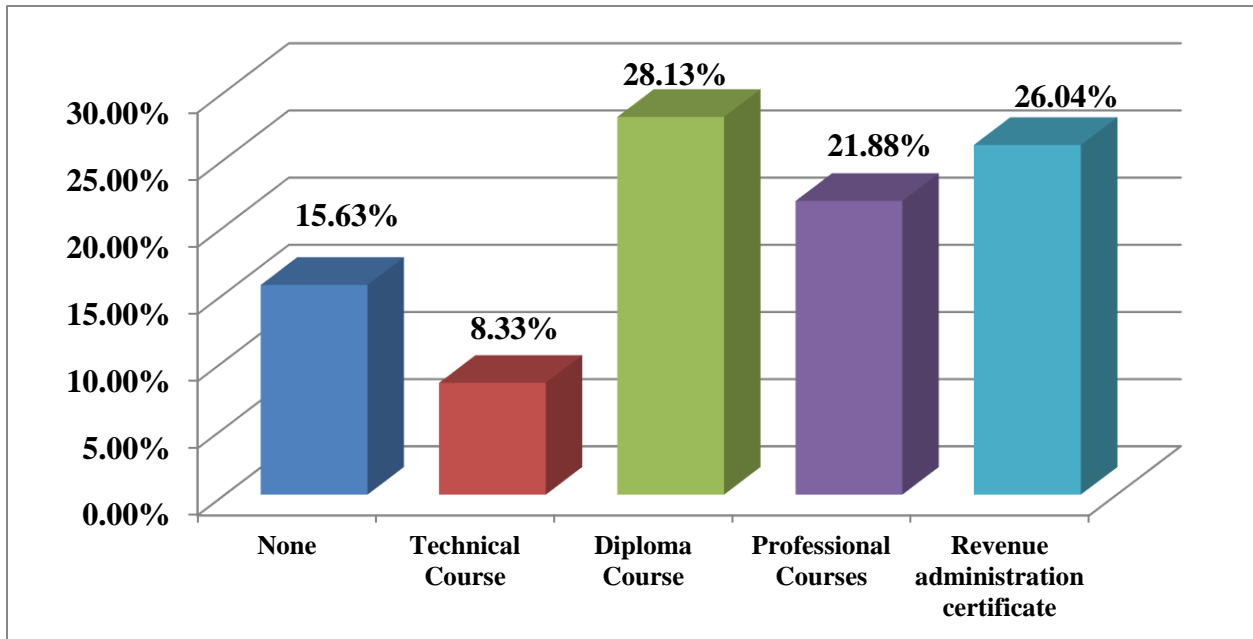
Source: Research Data (2018)

The results in Figure 3 showed that a majority of the respondents, 52.08% had university undergraduates' degrees while 29.17% indicated that they were college certificate holders. Those with Secondary school education were 12.50% and only 6.25% indicated that they had Graduate degrees. This showed that More than half of the staff in Kajiado County Government have the required qualifications for the positions they hold implicating that academic qualifications moderately influenced financial stewardship of staff.

The respondents provided information on the highest professional qualification they possessed in addition to academic qualifications and the study captured the results in Figure 4 below.

FIGURE 4

Highest Professional qualifications



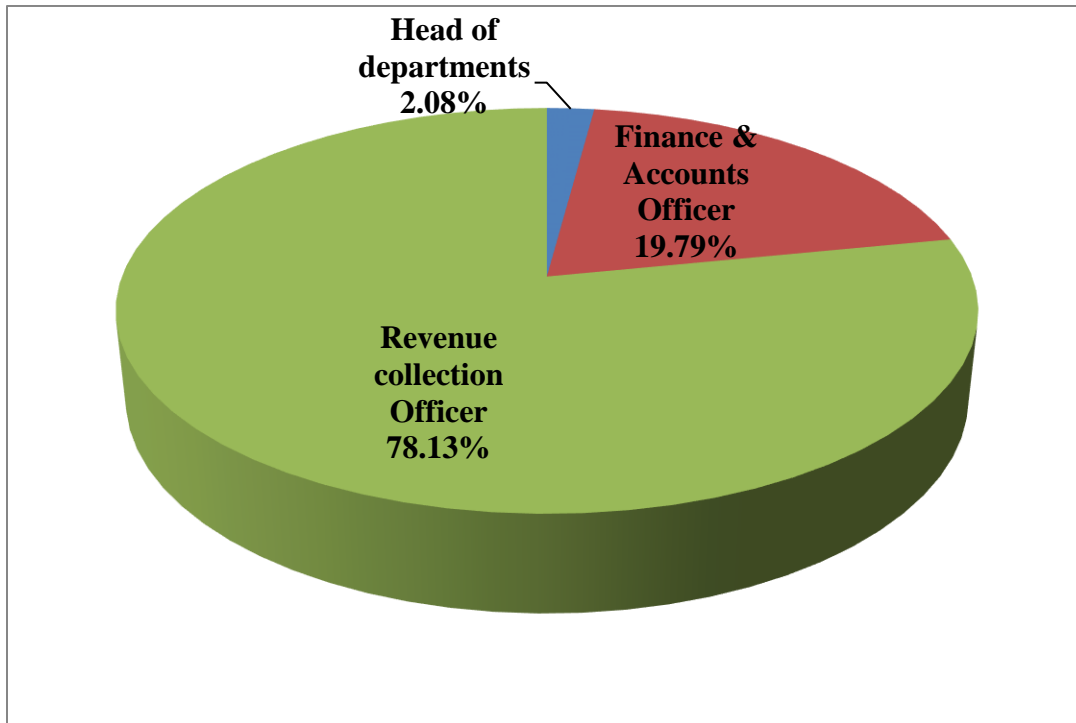
Source: Research Data (2018)

The Figure 4 results showed that as most of the respondents, who formed 28.13% of the total response, indicated that they had a business related diploma certificate as their highest professional qualification, 26.04% showed that they had obtained revenue administration certificate while 21.88% showed that they had attained professional training. Around 15.63% indicated that they did not have any professional qualification and 8.33% showed that they had some form of technical training. This showed that only a small percentage had received target oriented on revenue administration that influenced their proficiency.

The respondents' results on Position held in the County were captured in Figure 5 below.

FIGURE 5

Analysis by Position held in the County



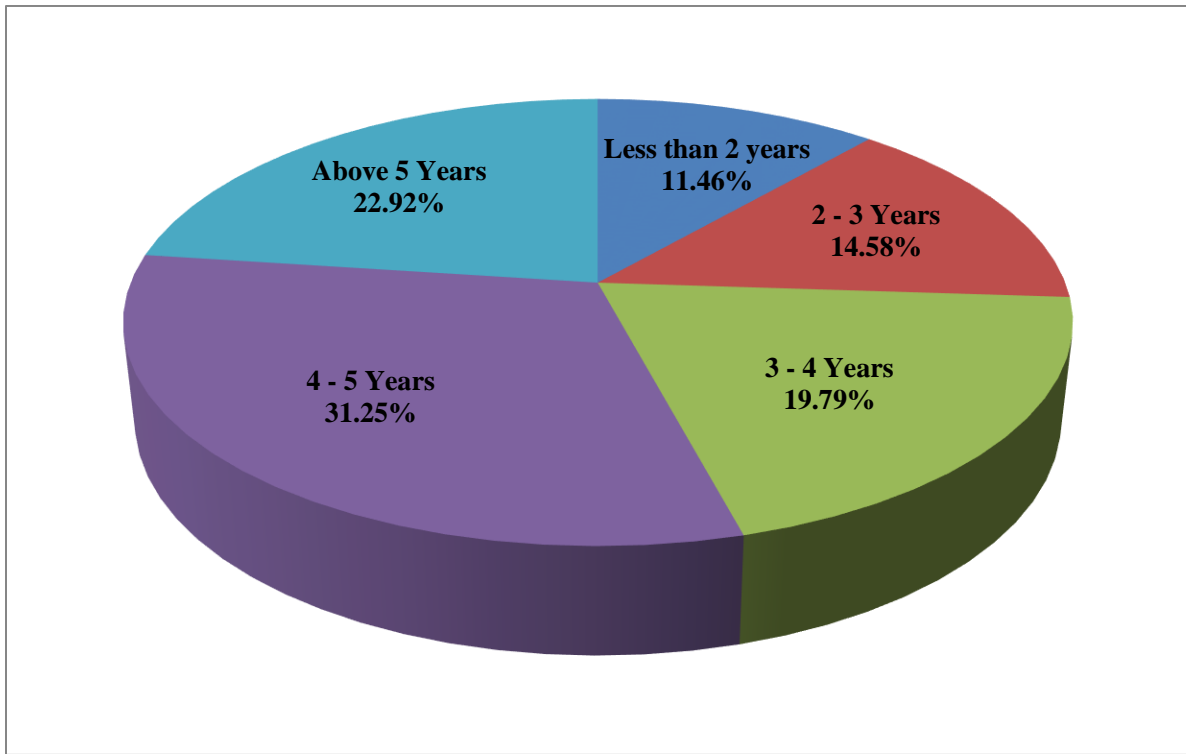
Source: Research Data (2018)

A majority of 78.123% of the respondents were revenue collection officer while 19.79% were finance and accounts officers and only 2.08% of the respondents were heads of departments. This showed that there was even distribution in terms of individual job descriptions, since the core value for the department is revenue collection, revenue collection officers were expected to dominate. It also showed that the number of staff in supervisory positions was adequately distributed.

The respondents provide information on the number of years they worked in revenue collection department and the results shown in Figure 6 below.

FIGURE 6

Analysis by years worked in revenue collection department



Source: Research Data (2018)

Most of the respondents who formed the 31.25% indicated that they had worked in the revenue collection department for between four (4) to five (5) years and 22.92% showed that they worked in revenue collection department for over 5 years while 19.79% showed that they had worked in the revenue collection department for between three (3) and four (4) years. Those who worked in the revenue collection department for between two (2) and three (3) years were 14.58% and 11.46% showed that had worked in the revenue collection department for less than 2 years. This showed that most of the staff have worked in the County Government since their inception in 2013 and also the current Management which took over in 2017 retained most of the staff from the previous regime.

4.4 Descriptive Analysis of Study Variables

The study made various representation of information in tables and the associated narratives form data analysis. The data was analyzed based on the objectives, where descriptive statics was used to describe the study variables, independent variables (IVs) and the dependent variable (DV). Since the data was collected using a questionnaire constructed using a 5 point Likert Scale (1-5); strongly Disagree = 1: disagree= 2: neutral = 3: agree =4: strongly agree = 5. The study obtained the Mean (M) and standard deviation (SD) for each indicator of the IVs or the DV. Therefore an overall Mean (M) and Standard deviation (SD) for the DV and IV was obtained using the (M) and (SD) of its indicators respectively. The Means contain fractions hence were moderated based on the following statistics;

| <u>Statistics Range</u> | <u>Interpretation</u> |
|-------------------------|-----------------------|
| 1 to 1.8 | Strongly Disagree |
| Above 1.8 to 2.6 | Disagree |
| Above 2.6 to 3.4 | Neutral |
| Above 3.4 to 4.2 | Agree |
| Above 4.2 to 5.0 | Strongly Agree „ |

The various descriptive statistics of these results were summarized in Tables 5, 6, 7 and 8 below.

4.4.1 Influence of revenue sources on the revenue collection performance

Objective one was to establish the influence of revenue sources on the revenue collection performance of Kajiado County Government. The study assessed the influence of revenue sources

on the revenue collection performance of Kajiado County Government using the results obtained from the questionnaire. The results are contained in Table 5 below.

TABLE 5
Influence of revenue sources on the revenue collection performance

| Revenue Source Indicator | M | SD |
|---|-------------|-------------|
| The revenue sources are reliable in achieving the expected targets. | 3.13 | 0.76 |
| There is capacity for the revenue sources to generate sufficient revenue | 3.21 | 1.02 |
| Accessibility of the revenue sources is assured | 3.07 | 0.79 |
| Operation risks are considered in the regulatory framework | 3.24 | 0.96 |
| The revenue streams are efficient to collect | 3.32 | 0.97 |
| The sources of revenue are diverse | 3.27 | 0.79 |
| Revenue sources generate the expected revenue as per the budget estimates | 2.99 | 1.00 |
| Taxpayer location is evenly distributed and easily accessible | 3.18 | 0.80 |
| Average Revenue Source | 3.18 | 0.88 |

Source: Research Data (2018)

Based on the results in Table 5, the respondents indicated that on average the influence of revenue source on the revenue collection performance of Kajiado County Government was moderate (M = 3.18; SD =0.88). According to these results, on average, the respondents were neutral on the assertion that revenue source influenced the revenue collection performance of Kajiado County Government considerably. This was confirmed by the indicators of the influence of revenue source on the revenue collection performance of Kajiado County Government, the respondents showed they were neutral on the suggestions concerning the performance of the indicators.

The respondents were neutral on the assertion that revenue sources adopted in the County were sufficient in achieving the expected targets (M = 3.13; SD = 0.76) and showed that the County Revenue sources were irregular in generating sufficient revenue cash flows (M = 3.21; SD =1.02). On the assertion that the accessibility of the revenue sources was assured, the respondents were

neutral ($M = 3.07$; $SD = 0.79$), this indicated that some revenue sources had assured accessibility while lacked it. According to results, the respondents showed that operation risks were not always considered in the regulatory framework ($M = 3.24$; $SD = 0.96$). Thus, operation risks were not fully addressed in the regulatory framework of the County Government.

The results show that the respondents indicated that some revenue streams were efficient to collect while other were not ($M = 3.32$; $SD = 0.97$) since they showed neutrality on the statement that revenue streams were efficient to collect revenue. They also showed that diversity of sources of revenue had not been fully achieved by the County ($M = 3.27$; $SD = 0.79$) since according to the result the respondents were neutral on the assertion that sources of revenue were diverse. While the respondents were neutral on the assertion that revenue sources generated the expected revenue as per the budget estimates ($M = 2.99$; $SD = 1.00$), they also indicated that the taxpayer location were not sufficiently evenly distributed and were not equally easily accessible ($M = 3.18$; $SD = 0.80$).

The study found that revenue sources adopted by Kajiado County Government moderately influenced its revenue collection performance. The revenue sources were not reliable enough to achieve the expected targets and the capacity for the revenue rarely generated sufficient revenue. The study found that there was limited assurance of accessibility of the revenue from the available sources and the operation risks are not adequately addressed in the regulatory framework of the County Government. These findings confirm the study Nuluva (2015) on factors affecting revenue collection in local government authorities that found that local government authorities failed to generate income from operations for development purposes due to low revenue collection performance.

The diversity of sources of revenue is limited, influencing the revenue sources from ensuring generation of the expected revenue as per the budget estimates. This was in agreement to the study by Ngicuru, *et al.* (2017) on an empirical review of factors affecting revenue collection in Nairobi County, Kenya that mainly highlighted the benefits County Governments can derive from having diverse sources of Revenue. However, Kajiado County Government lacked diversity that influenced the maximization benefits from having diverse sources of revenues. The study by Balunywa *et al.* (2014) on analysis of fiscal decentralization as a strategy for improving revenue performance in Ugandan Local Government was confirmed in the present study findings.

Balunywa *et al.* (2014) established that Local Governments should diversify their revenue streams to ensure increased compliance and therefore recommended that local Governments to diversify their sources as they tighten the laws on revenue collection to ensure increased compliance. Based on the findings by Balunywa *et al.* (2014), According to Balunywa *et al.* (2014) fiscal decentralization helps identification of more sources of revenue. However, Kajiado County Government did not identify new sustainable revenue sources that influenced the achievement of expected revenue performance. In addition, the taxpayer locations were not evenly distributed making their accessibility difficult.

4.4.2 Influence of revenue administration practices on revenue collection performance

The second objective was to assess the influence of revenue administration practices on revenue collection performance of Kajiado County Government and the results from the study are shown on Table 6.

TABLE 6
Influence of revenue administration practices on revenue collection performance

| Revenue Administration Practices Indicator | M | SD |
|--|-------------|-------------|
| Revenue collection administration policies are reviewed on a regular basis | 3.07 | 0.74 |
| Duties and responsibilities of revenue staff are appraised and reviewed frequently | 3.35 | 0.86 |
| Internal control Systems are reviewed on regular basis to ensure protection of revenue | 3.20 | 0.75 |
| Support functions have made it easier to achieve compliance | 3.11 | 0.83 |
| Stakeholder participation is encouraged to promote taxpayer awareness | 3.05 | 0.97 |
| Revenue policies are easy to interpret and understand | 3.18 | 0.93 |
| Revenue enforcement strategies are effective in achieving taxpayer compliance | 3.31 | 0.90 |
| Revenue Administration Practices | 3.18 | 0.85 |

Source: Research Data (2018)

The results in Table 6 on influence of revenue administration practices on revenue collection performance of Kajiado County Government indicate that the respondents showed neutrality on the assertion about all the indicators of revenue administration practices. When the study opined that the revenue collection administration policies were reviewed on a regular basis, they showed that they were neutral on the assertion ($M = 3.07$; $SD = 0.74$). This implied that the review of the Revenue Administration Policies was not consistent. The respondents were also neutral on the assertion that duties and responsibilities of revenue staff were appraised and reviewed frequently ($M = 3.35$; $SD = 0.86$), implying the appraisal and review of duties and responsibilities of revenue staff was irregular.

They showed neutrality on the assertion that internal control systems were reviewed on regular basis to ensure protection of revenue ($M = 3.20$; $SD = 0.75$). They were also neutral on the assertion that the support functions made it easier to achieve compliance ($M = 3.11$; $SD = 0.83$). They were neutral on the assertion that stakeholder participation is encouraged to promote taxpayer awareness ($M = 3.05$; $SD = 0.97$), meaning that sometimes there was stakeholder participation to promote taxpayer awareness and other times it was not passive.

According to the results, the respondents showed that some of the revenue policies were easy to interpret and understand while others were not ($M = 3.18$; $SD = 0.93$). They also showed Revenue enforcement strategies were not always effective in achieving taxpayer compliance ($M = 3.31$; $SD = 0.90$). Overall, they showed that Revenue Administration Practices have moderate influence on revenue collection performance of Kajiado County Government ($M = 3.18$; $SD = 0.85$).

The study found that influence of revenue administration practices on revenue collection performance of Kajiado County Government was moderate. It was found that the review of revenue collection administration policies is inconsistent. Meanwhile the study by Addo (2015) found that poor logistics and lack of adequate monitoring resulted in revenue leakages in their general performance. The moderate performance of the revenue administration practices on revenue collection performance of Kajiado County Government may be attributed to poor logistics and lack of adequate monitoring. The study found that there was irregular reviews and the appraisal and reviewed on duties and responsibilities of revenue staff was not frequent as per the stipulated public service policy.

Notably, Makokha *et al.* (2014) study showed that corruption affected revenues collected leading to low local revenues collected. Irregular appraisal and review of duties and responsibilities of revenue staff might therefore have a moderate influence on the revenue administration practices of Kajiado County Government which influence the revenue collection performance.

The study by Ndyamuhaki (2013) found that constraints in revenue collection are; administrative inefficiencies, lack of general sensitization, tax illiteracy, lack of auditing of tax

revenue returns and lack of adequate taxpayer education. The findings in the study by Ndyamuhaki (2013) provide insights in to the average influence of revenue administration practices on revenue collection performance of Kajiado County Government, which implies that Kajiado County Government revenue collection performance is constrained by ineffective internal control systems for ensuring protection of revenue. The laxity in maintaining up to date internal control systems for the county revenue exposed the county revenue to risk of being used fraudulently.

The study found that there was lack of sufficient support functions for simplifying the achievement of the compliance to budgets. Ngicuru *et al.* (2017) study on the empirical review of factors affecting revenue collection in Nairobi County, Kenya revealed that revenue diversification strategies increased the amount of revenue collected in Nairobi City County, which appears applicable to Kajiado County Government.

The study noted that rarely does the county encourage stakeholder participation for promoting taxpayer awareness. This means that the stakeholders were not fully participative in the issue pertaining to revenue collection but have to agree to decisions made by the county government on revenue matters. The study by Addo (2015) concluded that in order to improve the system of revenue generation, there is the need to involve various stakeholders in the budget making process and establishment of revenue sources, while using efficient collection systems. The lack of adequate stakeholder participation for promoting taxpayer awareness highly affected the revenue collection performance of Kajiado County Government.

The revenue policies made by the county government are always easy to interpret and understand. This is because the stakeholders only adopt what the county government has developed. The lack of stakeholder participation for promoting taxpayer awareness largely limits

adequacy in revenue collection. Due to the lack of effective stakeholder participation for promoting taxpayer awareness, the effectiveness revenue enforcement strategies in achieving taxpayer compliance were highly challenged.

The norms of compliance models rest on the revenue administration strategies accounting for the way taxpayers behave towards compliance level to revenue collection (Kirchler *et al.*, 2007). According to Alm *et al.* (1992), norms of compliance suggests that tax compliance is higher where the taxpayers in that region consider tax compliance important and essential due to the perception created by the existing revenue collection systems and process. Thus, the revenue administration strategies re key to the level of revenue collection performance as established in this study. Prospect theory is relevant in explaining taxpayer behavior towards tax evasion and ultimately compliance to the same. This compliance is significant in the development of strategies to be used when enforcing revenue administration strategies that are effective and efficient to develop and implement on the citizenry. This explains the necessity of the stakeholder participation in promoting taxpayer awareness

4.4.3 Influence of financial stewardship on revenue collection performance

Objective three was to establish the influence of financial stewardship on revenue collection performance of Kajiado County Government. On assessing the influence of financial stewardship on revenue collection performance of Kajiado County Government, the study results are as shown in Table 7 below.

TABLE 7

Influence of financial stewardship on revenue collection performance

| Financial Stewardship Indicator | M | SD |
|--|-------------|-------------|
| County Treasury department staffs are academically qualified | 3.32 | 0.95 |
| County Treasury department staffs have professional qualifications | 3.33 | 0.95 |
| County Treasury department staffs in revenue collection are experienced | 3.46 | 0.91 |
| Staff are properly facilitated to undertake their duties | 3.17 | 1.03 |
| Target oriented training on revenue administration is provided as per the training needs analysis. | 3.28 | 1.05 |
| The work environment has improved staff morale. | 3.27 | 0.98 |
| All our revenue collection staff have proficiency in use of available infrastructure | 3.20 | 0.99 |
| The county has adequate treasury work force able to reach all taxpayers as planned | 3.31 | 0.90 |
| Financial Stewardship | 3.29 | 0.97 |

Source: Research Data (2018)

The results in Table 7 indicate that the respondents were neutral on the assertion that the county treasury department staffs were academically qualified (M = 3.32; SD =0.95). They also showed they were neutral on the assertion that county treasury department staffs had adequate professional qualifications (M = 3.33; SD =0.95). The respondents agreed that the county treasury department staff in revenue collection were experienced (M = 3.46; SD =0.91), they further indicated that they were neutral on the assertion that staff were properly facilitated to undertake their duties (M = 3.17; SD =1.03).

The respondents showed that target oriented training on revenue administration was not always provided as per the training needs analysis (M = 3.28; SD =1.05). They were neutral on the assertion that the work environment had improved staff morale (M = 3.27; SD =0.98). This was an indication that although the work environment had improved staff morale at times, it did not

always improve staff morale. They also showed that they were neutral on the assertion that all their revenue collection staff had proficiency in use of available infrastructure (M = 3.20; SD =0.99), an indication that not all revenue collection staff had proficiency in use of available revenue collection infrastructure. According to the results, the respondents showed that the county had engaged moderate treasury work force able to reach all taxpayers as planned (M = 3.31; SD =0.90). Overall, the financial stewardship was found to moderately influence the revenue collection performance of Kajiado County Government (M = 3.29; SD =0.97).

The study found that financial stewardship had a moderate influence on the revenue collection performance of Kajiado County Government due to low investment in staff development. The study by Ngicuru *et al.* (2017) found out that creating competitive terms for their employees attracts skilled and competitive employees at the Nairobi City County. Based on this study, Kajiado County Government does not sufficiently address financial stewardship aspect in their staff thus this aspect having a moderate influence on the revenue collection performance of the County.

The study found that considerable numbers of the county treasury department staffs do not possess the required academic qualifications fits for the position they hold and some of these staff lack adequate professional qualifications required in revenue collection practices. The study by Balunywa *et al.* (2014) indicated that poor revenue performance in local Governments was due to retaining under skilled revenue collection staff and recommended for better skilled labor that will help enhance better revenue performance. Makokha *et al.* (2014) in their study established that staff competence and staff remuneration affect revenue maximization potential. Specifically, failure to educate and sensitize taxpayers about benefits of paying taxes leads: to low local revenue

collected, insufficient supervision during revenue collection, incompetent staff that fails to follow or understand the rules and regulations set by the county.

However, the experience in revenue collection was high. Also the county moderately facilitated its staff to undertake their duties as confirmed by limited target oriented training on revenue administration. Nuluva (2015) established that the problem of inexperienced and unqualified personnel was aggravated by lack of training facilities and opportunities in the County. In fact, the target oriented training on revenue administration lacked adequate facilitation as per the training needs analysis. Addo's (2015) study established that poor training of revenue collectors had an impact on the performance of the staff in their daily duties and responsibilities. In order to improve the system of revenue generation, there is the need to provide adequate staff development in the County.

The expectation theory, which emphasizes the role theory (situation-act model by Chell (1985) suggests that the revenue collection agency has to enact roles, specifications, qualifications, and requirements in order to manage revenue collection situation (Chandler & Edwards, 1996). Based on this theory, then the low moderate level qualifications and requirements would then moderately affect the level of revenue collection. Thus, the results obtained effectively supported by the expectation theory, where high qualifications lead to high level of revenue collection performance and vice versa. Specifically, the expectation theory suggests that revenue collection performance relies on the roles, duties, qualifications, and proficiency of the staffers, which was established in the present study.

The study found that the work environment moderately improves staff morale. Ndungu's (2014) study findings indicated that staff incentives aligned with performance measures to goals

and objectives enhanced productivity in Kiambu County Government, Kenya. It was found that some revenue collection staff lack proficiency in use of available infrastructure and the county rarely engages the treasury work force able to reach all taxpayers as planned. The expectation theory proposes that an individual will behave or act in a certain manner when motivated to act in a specific behavior if they know the results to expect from acting in that specific manner. It emphasizes for organizations to link performance and rewards systems directly to recipients who deserve it (Montana & Charnor, 2008). There are specific forms of behavior required to carry out a particular task contained in a position, which depends on the staff capacity. Each role has certain set expectations and if they are performed up to par, performance is well rated, otherwise there will be poor performance. In which case, it implies that low level of staff incentives would lead to low level of revenue collection performance.

Mugambi and Theuri (2014) established that publicity enhanced the efforts made to incorporate the views of the public in the budget, as well as enhancing capacity building within the county treasury department, as the National Government makes efforts to deploy staff, to assist the counties in budget preparation.

4.4.4 Revenue collection performance of Kajiado County Government

The study assessed status of revenue collection performance of Kajiado County Government, by analysing data collected using the data captured in the questionnaire and the the results obtained captured in table 8 below.

TABLE 8
Status of Revenue Collection Performance

| Revenue Collection Performance Indicator | M | SD |
|---|-------------|-------------|
| Our county has always been collecting revenue that is in accordance with the budget estimates | 2.45 | 0.89 |
| Sometimes the revenue collected was in excess of the budget estimate | 2.64 | 1.01 |
| The county revenue collection is collected on a timely basis | 2.87 | 1.07 |
| The county always collects the as per rates stipulated in the tariff structure | 2.71 | 1.05 |
| The county maintains accurate records for revenue collected and banked | 2.75 | 0.92 |
| Revenue collections have continued to grow year after year | 2.81 | 1.13 |
| Revenue Collection Performance | 2.71 | 1.01 |

Source: Research Data (2018)

The results in Table 8 indicate that on overall revenue collection performance was shown to be moderate ($M = 2.71$; $SD = 1.01$). The respondents disagreed to the assertion that the county had always been collecting revenue that was in accordance with the budget estimates ($M = 2.45$; $SD = 0.89$). Thus, revenue that was in accordance with the budget estimates was not satisfying the budget requirement. According to the results, the respondents showed that sometimes the revenue collected was in excess of the budget estimate and other times it was not ($M = 2.64$; $SD = 1.01$). This meant that the county was not always collecting revenue collected in excess of the budget estimate.

The respondents showed that sometimes the county revenue collection was on time and other times it was delayed ($M = 2.87$; $SD = 1.07$). The respondents were neutral on the assertion that the county always collected revenue the as per rates stipulated in the tariff structure ($M = 2.71$; $SD = 1.05$) and they further showed the county did not always maintain accurate records for revenue collected and banked ($M = 2.75$; $SD = 0.92$). They were neutral on the assertion that revenue collections had continued to grow annually ($M = 2.81$; $SD = 1.13$). This is an indication

that some financial years, revenue collections had continued to grow and other years it did not grow.

According to the findings in the present study the revenue collection performance by Kajiado County Government was moderate and the County was not always collecting revenue that is in accordance with the budget estimates. This implies that revenue fell short of satisfying the budget requirement and the County barely achieved a revenue collection in excess of the budget estimate. According to Owuor, *et al.* (2013) most counties in Kenya face major challenges in revenue collection, since large amounts of revenues remain uncollected, leaving huge local revenue collection gaps. For example Kajiado County was only able to collect KES. 557 Million out of the targeted revenue of KES. 900 Million In the 2016/17 Financial Year. This translated to 62% of the budget achievement and a 14% decrease from the 2015/16 Financial Year (Kajiado County, 2017). The findings in the study confirmed the challenges that County Governments experience when running their annual operations.

The study found that County revenue collections is delayed and as such it was very difficult for the County to attain its budget estimates and making it difficult to have any form of accountability. It was found that the sometimes the County revenue collection performance fails as the revenue collection process is not adhered as per stipulated rates in the tariff structure. The study by Ngotho and Kerongo (2014) showed compliance levels and tax rates were factors that mainly affected revenue collection performance since most taxpayers use various tax evasion tactics. This may be attributed to poor record management and minimal accountability for revenue transactions, this moderate performance Kajiado County Government hinders and economic development in the County.

The study by Agyapong (2012) on the effectiveness of revenue mobilization strategies in Kumasi, Ghana revealed that the infrastructural projects needs and demands for development were unachievable due to insufficient revenue margins. The study concluded that the Local authority was not self-sustaining through revenue collection, which meant that it had not developed new and sustainable strategies to improve its revenue collection performance. Accordingly, Kajiado County Government should develop innovative sustainable strategies to improve its revenue collection performance.

The public choice theory is more in providing an opportunity to promote socio-economic development, economic growth and service delivery among Government agencies through ensuring high revenue collection performance in devolved Governments (Namoit, 2012). The county governments present opportunities to promote socio-economic development and service delivery in the counties, which are generally rated through efficiency of growth and provision of them respectively (Muriisa, 2008). However, lack of sufficient revenue collection would imply that service delivery is highly challenged.

The public choice theory is instrumental in promoting the high revenue collection performance needed to accelerate the county socio-economic growth and development through its effectiveness and high collection performance. This theory becomes the basis of high revenue collection performance to sufficiently support service delivery, socio-economic growth and development at the grassroots level, thereby achieving the financial objectives of the County Government (Muriisa, 2008; Namoit, 2012).

4.5 Diagnostics testing

The study carried out diagnostic tests on the normality, multi-collinearity and heteroscedasticity of the variables using Shapiro Wilk, Variance Inflated Factor and the Glesjer tests respectively. The results from the tests were shown in Tables 9, 10 and 11 respectively.

TABLE 9
Tests of Normality

| | Kolmogorov-Smirnov ^a | | | Shapiro-Wilk | | |
|----------------------------------|---------------------------------|----|-------|--------------|----|-------|
| | Statistic | df | Sig. | Statistic | df | Sig. |
| Revenue Source | 0.121 | 96 | 0.001 | 0.977 | 96 | 0.090 |
| Revenue Administration Practices | 0.112 | 96 | 0.004 | 0.975 | 96 | 0.063 |
| Financial Stewardship | 0.105 | 96 | 0.011 | 0.975 | 96 | 0.060 |
| Revenue Collection Performance | 0.082 | 96 | 0.115 | 0.979 | 96 | 0.127 |

a. Lilliefors Significance Correction

Source: Research Data (2018)

Normality was tested using Shapiro-Wilk test, this test can handle sample sizes as large as 2,000. Where the p-value is greater than 0.05 it is an indication the data is normally distributed. The p-value for each; Revenue Source (p-value = 0.090); Revenue Administration Practices (p-value =0.063); Financial Stewardship (p-value = 0.060); and Revenue Collection Performance (p-value = 0.127) was greater than 0.05, an indication that there was no first line normality. The data was normally distributed.

The study then tested existence of multi-collinearity in the IV to ensure that another variable or group of variables measured no variable in the model that was measuring the same relationship as. Mutli-collinearity exists when Variance Inflation Factor (VIF) is greater than five

and Tolerance is less than 0.1. The results obtained after testing for multi-collinearity were captured in Table 10 below.

TABLE 10
Results of Multi-collinearity Tests on Independent variables

| | Collinearity Statistics | |
|----------------------------------|-------------------------|-------|
| | Tolerance | VIF |
| Revenue Source | 0.870 | 1.150 |
| Revenue Administration Practices | 0.901 | 1.109 |
| Financial Stewardship | 0.963 | 1.039 |

Source: Research Data (2018)

The results in table 10 indicate that the tolerance for; revenue sources was 0.870, revenue administration practices 0.901; and financial stewardship 0.963 and the tolerance for all the predictor variables were greater than 0.1 or 10%. The VIF for each of the variables was below 10 hence no need to drop any of them individually. Therefore, the study concluded that there were no multi-collinearity and the estimators were considered reliable to estimate the model.

TABLE 11
Heteroscedasticity Test

| Coefficients | Unstandardized | | Standardized | | |
|----------------------------------|----------------|---------------|--------------|--------|------|
| | Coefficients | | Coefficients | | |
| | B | Std. Error | Beta | t | Sig. |
| (Constant) | .612 | .228 | | 2.686 | .009 |
| Revenue Source | -.079 | .063 | -.139 | -1.252 | .214 |
| Revenue Administration Practices | .009 | .048 | .021 | .195 | .846 |
| Financial Stewardship | .016 | .040 | .043 | .406 | .686 |

a. Dependent Variable: Unstandardized Value

Source: Research Data (2018)

The study tested for Heteroscedasticity using the Glejser test as the results captured in Table 11 above. When using this tests there is heteroscedasticity among variables if the p-value is less than or equal to 0.05.

The results in table 11 above, the p-value for each variables; revenue source (p-value = 0.214), revenue administration practices (p-value = 0.846), and financial stewardship (p-value = 0.686) was greater than 0.05 implying there was no heteroscedasticity. The study data is uniform and the error term is consistent.

4.6 Model Fitting

The study sought to establish whether the IVs; revenue sources, revenue administration practices, and financial stewardship would be good predictors of DV, on revenue collection performance of Kajiado County Government. The study therefore tested for existence of significant relationship between the IV and the DV through inferential statistics using correlation analysis and regressions analysis. At the end the study estimated a model that explained on revenue collection performance of Kajiado County Government in terms of; revenue sources, revenue administration practices, and financial stewardship.

4.6.1 Correlation Analysis

A correlation analysis was carried out to establish whether any relationship existed between the DV and each of the IVs. The correlational analysis was done using the Pearson's product method at 5% (0.05) level of significance. The results obtained are presented in table 12 below.

TABLE 12
Correlation Analysis

| | | Correlations | | | |
|--|---|--------------------------------------|-------------------|--|--------------------------|
| | | Revenue Collection Performance | Revenue Source | Revenue Administration Practices | Financial Stewardship |
| Revenue Collection Performance | Pearson Correlation Sig. (2- tailed) | 1 | .347** | .280** | .279** |
| | N | 96 | 96 | 96 | 96 |
| Revenue Source | Pearson Correlation Sig. (2- tailed) | .347** | 1 | .312** | 0.188 |
| | N | 96 | 96 | 96 | 96 |
| Revenue Administration Practices | Pearson Correlation Sig. (2- tailed) | .280** | .312** | 1 | 0.02 |
| | N | 96 | 96 | 96 | 96 |
| Financial Stewardship | Pearson Correlation Sig. (2- tailed) | .279** | 0.188 | 0.02 | 1 |
| | N | 96 | 96 | 96 | 96 |

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Research Data (2018)

The results of correlation analysis in table 12 show that each of the IVs; revenue sources, revenue administration practices, and financial stewardship was significantly related to revenue collection performance in Kajiado County Government, since the p-value for each was less than 0.05. That is; revenue source ($r = 0.347$, $p\text{-value} = 0.001$), revenue administration practices ($r = 0.280$, $p\text{-value} = 0.0065$) and financial stewardship ($r = 0.279$, $p = 0.006$), were significantly related to revenue collection performance in Kajiado County Government. The result show that revenue

source ($r = 0.347$) had the highest followed by revenue administration practices ($r = 0.280$), and then financial stewardship ($r = 0.279$).

The results in table 12 show that the relationship between revenue source ($r = 0.347$) and revenue collection performance in Kajiado County Government was moderate since the correlation coefficient (r) for the comparison was greater than 0.3 and not exceeding 0.6. The relationship between revenue administration practices ($r = 0.280$), financial stewardship ($r = 0.279$) and revenue collection performance in Kajiado County Government was low since the correlation coefficient (r) for the comparison exceeds 0.3. The Further, it was shown that there was a positive relationship between financial management practices and revenue collection performance in Kajiado County Government.

4.6.2 Regression Analysis of Revenue Collection Performance

The study first regressed all the IV's against the DV to estimate the study model. Multiple regression was done on the IV's (revenue sources, revenue administration practices, and financial stewardship) against the DV (revenue collection performance in Kajiado County Government) to estimate the model to determine if there was a significant relationship. The regression results are shown in Table 13 below.

TABLE 13
Regression Results on Revenue Collection Performance and Financial Management Practices

| | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|----------------------------------|-----------------------------|------------|---------------------------|-------|-------|
| | B | Std. Error | Beta | | |
| (Constant) | 0.792 | 0.400 | | 1.982 | 0.050 |
| Revenue Source | 0.266 | 0.110 | 0.241 | 2.418 | 0.018 |
| Revenue Administration Practices | 0.173 | 0.085 | 0.200 | 2.04 | 0.044 |
| Financial Stewardship | 0.168 | 0.069 | 0.229 | 2.417 | 0.018 |
| R Square | 0.2034 | | | | |
| Adjusted R Square | 0.1775 | | | | |
| N = 95 | | | | | |

a. Dependent Variable: Revenue Collection Performance

b. Predictors: (Constant), Financial Stewardship , Revenue Administration Practices, Revenue Source

Source: Research Data (2018)

After establishing that the independent variables; Revenue sources, Revenue administration practices and Financial stewardship are predictors of revenue collection performance of Kajiado County Government, the study derived the model from the results in table 13 above as

The population of the linear regression model was shown using the equation;

$$Y = \beta_0 + \beta_1 X_{i1} + \beta_2 X_{i2} + \beta_3 X_{i3} \dots\dots\dots (ii)$$

Where:

Y = this is the revenue collection performance

β_0 = is a constant, which is the value of dependent variable when there are no other variables present

$\beta_1 - \beta_3$ = Beta coefficients of independent variables

$X_1 - X_3$ = Independent Variables affecting the performance of revenue collection i.e

X_1 = Revenue Source

X_2 = Revenue Administration Practices

X_3 = Financial Stewardship

From the regression analysis on the fitted residuals, the following function was derived,

$$\hat{Y} = 0.792 + 0.266 X_1 + 0.173 X_2 + 0.168 X_3 \dots\dots\dots (iii)$$

Interpreted as;

Predicted revenue collection performance (\hat{Y}) = 0.792 cons + 0.266 revenue source (X_1)
+ 0.173 revenue administration practices (X_2) + 0.168 financial stewardship (X_3)

These results of the fitted model showed that the revenue collection performance of Kajiado County Government increases by 0.792 units regardless of whether the explanatory variables for financial management practices are present or not.

The fitted model also showed the impact the exploratory variables of financial management practices have on the revenue collection performance of Kajiado County Government. One unit change in the revenue source (X_1) leads to a 0.266 unit increase in the revenue collection performance of the County Government, One unit change in revenue administration practices (X_2) leads to a 0.173 unit increase in the revenue collection performance of Kajiado County Government and finally, a one unit increase in financial stewardship (X_3) leads to a 0.168 unit increase in the revenue collection performance of Kajiado County Government.

The Table 12 results show that each of; revenue sources, revenue administration practices, and financial stewardship had positive coefficients, which showed that they were directly proportional to revenue collection performance in Kajiado County Government. This means that an increase in any of IVs; revenue sources, revenue administration practices, and financial stewardship leads to increase in revenue collection performance in Kajiado County Government and any decrease in any of them will have an opposite effect on Revenue collection Performance.

TABLE 14

Model Summary

| Model Summary | | | |
|----------------------|----------|-------------------|----------------------------|
| R | R Square | Adjusted R Square | Std. Error of the Estimate |
| .451 ^a | 0.2034 | 0.1775 | .55937 |

a. Predictors: (Constant), Financial Stewardship , Revenue Administration Practices, Revenue Source

Source: Research Data (2018)

According to the results in table 14 show that the coefficient of determination (R^2) of 0.2034, which implies that 20.34% of change in revenue collection performance in Kajiado County Government is explained by the three IV's; revenue sources, revenue administration practices, and financial stewardship with other variables having 20.34% impact on the revenue collection performance of Kajiado County Government

4.7 Hypothesis Testing

Using results in Table 13, to test the study hypothesis, the study made interpretations seeking to establish the nature of significance of the independent variables in determining the dependent variable. The study tested the hypothesis as indicated below.

Hypothesis 1

H₀: Revenue source significantly does not influence revenue collection performance in Kajiado County Government.

H_a: Revenue source significantly influences revenue collection performance in Kajiado County Government.

The results in Table 13, (T= 2.418; p-value= 0.018) show that p-value= 0.018 which less than 0.05 hence rejection of the null hypothesis (H₀) and accepting the alternative hypothesis (H_a). This indicates that there exists enough evidence to confirm a significant relationship between revenue source and revenue collection performance. It also means that at $\alpha = 0.05$ (5% level of significance), there is sufficient evidence that revenue source is a useful estimator of revenue collection performance in Kajiado County Government.

Study Hypotheses 2

H₀: Revenue administration practices do not significantly influence revenue collection performance in Kajiado County Government.

H_a: Revenue administration practices significantly influence revenue collection performance in Kajiado County Government.

According to the results, (T= 2.04; p-value = 0.044), it can be noted that the p-value is less than 0.05 which implies that the H₀ is rejected and the H_a accepted. This means that there exists a significant relationship between Revenue administration practices and revenue collection performance. At $\alpha = 0.05$, 5% significance level there is sufficient evidence that the revenue administration practices are useful estimators of revenue collection performance in Kajiado County Government.

Study Hypothesis 3

H₀: Financial stewardship does not significantly influence revenue collection performance in Kajiado County Government.

H_a: Financial stewardship significantly influences revenue collection performance in Kajiado County Government.

Based on these results, (T= 0.168; p-value= 0.018), the p-value is less than 0.05 which means that the H₀ is rejected and the H_a accepted, this means there is enough evidence to support that there is a significant relationship between Financial stewardship and revenue collection performance. At $\alpha = 0.05$, 5% significance level there is enough evidence that the financial stewardship is a useful estimator of revenue collection performance in Kajiado County Government.

The study then obtained an Analysis of Variance (ANOVA) statistics to test the fitness of the model as captured in Table 15 below.

TABLE 15**ANOVA for Revenue Collection Performance**

| ANOVA ^a | | | | | |
|--------------------|----------------|----|-------------|-------|-------------------|
| | Sum of Squares | df | Mean Square | F | Sig. |
| Regression | 7.352 | 3 | 2.451 | 7.832 | .000 ^b |
| Residual | 28.787 | 92 | .313 | | |
| Total | 36.139 | 95 | | | |

a. Dependent Variable: Revenue Collection Performance

b. Predictors: (Constant), Financial Stewardship , Revenue Administration Practices, Revenue Source

Source: Research Data (2018)

The study used the coefficients of the study variables in testing the goodness of fit of the study model. This was done by arguing that when $H_0: \beta_1 = \beta_2 = \beta_3 = 0$ (i.e. the coefficients of the study variables are all zero) then the model is not significant in estimating revenue collection performance in Kajiado County Government otherwise when $H_a: At least one \beta_i \neq 0$, then model is significant in estimating revenue collection performance in Kajiado County Government.

Thus, when p-value $>.05$ (at 5% level of significance) H_0 is accepted and H_a is rejected and when the p-value $\leq .05$ (at 5% level of significance) then H_0 is rejected and H_a is accepted. When H_0 is accepted it means that model is rejected since it is not useful in explaining the study. However, when H_a is accepted then the model is accepted since it is deemed suitable for estimating the study results based on the explanatory variables.

It can be observed from Table 13 that the p-value = 0.000 where p-value < 0.05 (F= 7.832, P-value= 0.000). Since p-value < 0.05 , H_0 is rejected and H_a is accepted, implying that at 5% significance level ($\alpha = 0.05$), there is enough evidence to conclude that at least one of the study predictors; revenue sources, revenue administration practices, and financial stewardship is useful explaining revenue collection performance in Kajiado County Government.

Based on these findings, the study concludes that;

- i. Revenue source significantly influences revenue collection performance in Kajiado County Government and the effect is moderate.
- ii. Revenue administration practices significantly influence revenue collection performance in Kajiado County Government and the effect is moderate.
- iii. Financial stewardship significantly influences revenue collection performance in Kajiado County Government and the effect is moderate.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter provides the conclusions from the study findings as well as the recommendations based on the findings. It further highlights the research gaps which the researcher felt should be filled by further research.

5.2 Summary of Study Findings

The study findings are summarized based on the research objectives, which were to; establish the influence of revenue sources on the revenue collection performance of Kajiado County Government, establish the influence of revenue administration practices on revenue collection performance of Kajiado County Government and establish the influence of financial stewardship on revenue collection performance of Kajiado County Government.

5.2.1 Findings on Influence of Revenue Sources on Revenue Collection Performance

The study established that revenue sources adopted by Kajiado County Government moderately influence its revenue collection performance. This is characterized by all the indicators of the revenue sources having a moderate influence on revenue collection performance of the Kajiado County Government. This implies that the revenue sources' influence on the revenue collection performance of Kajiado County Government average. This was confirmed by the indicators of the influence of revenue source on the revenue collection performance of Kajiado County Government.

The revenue sources are not reliable enough to achieving the expected targets in that the revenue capacity rarely generates sufficient cash flows, there is limited assurance of accessibility of the revenue from the available sources and the operation risks are not adequately addressed in the regulatory framework of the County Government. Further, the efficiency of the revenue streams rarely ensures sufficient revenue collection and the diversity of sources of revenue is limited. The study also found that the taxpayer locations are scarcely distributed making their accessibility difficult.

Ngicuru *et. al.* (2017) did a study on factors affecting revenue collection in Nairobi County, Kenya that highlighted on how different forms of tax revenue affect revenue collection. The Study on Kajiado County Government did establish that revenue source is a useful estimator of revenue collection performance with strong evidence there is a significant relationship between revenue source and revenue collection performance. A study by Balunywa *et al.* (2014) on the fiscal decentralization as a strategy for improving performance in Uganda addressed the effect of diversity of the tax revenues in increasing compliance of taxpayers, the study on Kajiado County also reiterated this by identifying that low diversity levels in the County influenced their revenue collection performance annually

5.2.2 Findings on Influence of Revenue Administration Practices on Revenue Collection Performance

The study found that influence of revenue administration practices on revenue collection performance of Kajiado County Government was moderate. It was established that the review of revenue collection administration policies was inconsistent, lacking regular effective reviews and the frequency of appraisals and review of duties and responsibilities of revenue staff not assured.

The study established that internal control systems are not regularly reviewed to ensure internal controls of the revenue collection processes. Thus, there is laxity in maintaining up to date internal control systems for the County revenue that exposes the county revenue at risk of being used fraudulently. Additionally, there is lack of sufficient support functions useful in simplifying the achievement of the compliance to budget estimates.

The County was found to be having inadequacy in encouraging the stakeholder participation for promoting taxpayer awareness. This means that the stakeholders do not fully participate in the issue pertaining to revenue collection but yet have a major role in the decisions made by the County Government on revenue matters. Accordingly, the revenue policies made by the County Government are always easy to interpret and understand this is because the stakeholders only adopt what the County Government has developed. The lack of stakeholder participation for promoting taxpayer awareness largely limits adequacy in revenue collection performance largely due to the lack of effective stakeholder participation for promoting taxpayer awareness making the effectiveness of revenue enforcement strategies being highly challenged.

Ndyamuhaki (2013) study on factors affecting revenue collection in Isingiro, Uganda looked at the constraints that local revenue experienced in achieving sufficient returns. The main antagonist to this being the administration strategies they had adopted not covering the volatility of taxpayers and business owners. The study on Kajiado County Government addressed this gap in a Kenyan perspective by considering Revenue Administration Practices as an estimator for revenue collection performance that was tested and found to be a good estimator. The study also found sufficient evidence of a significant relationship between revenue administration practices and revenue collection performance of Kajiado County Government.

A study by (Addo 2015) on assessing revenue generation processes and strategies in North Tongu, Ghana addressed how inavailability of adequate resources and poor monitoring practices resulted in revenue leakages. This hypothesis was further investigated in Kajiado County with the study concluding that irregular review of strategies in place and poor infrastructure and facilitation resulted to low taxpayer compliance and revenue leakages caused by a weak internal control system.

5.2.3 Findings on Influence of Financial Stewardship on Revenue Collection Performance

The study found that financial stewardship moderately influences the revenue collection performance of Kajiado County Government due to lack of sufficient implementation of financial stewardship aspect. For one, a considerable number of the county treasury department staffs do not possess the required academic qualifications fit for the position they hold and some of these staff lack adequate professional qualifications required in the revenue collection process. The average academic qualifications and insufficient professional qualifications is however substituted by the considerable level of experience in revenue collection possessed by the county treasury department staffs. Notably, most of the county treasury department staffs (31.25%) had worked in the revenue collection department for a period of between Four to Five year period considering the County Government has been in existence for Five years, furthermore, 52.08% of the county treasury department staffs possessed undergraduates' degrees.

The County Government does not regularly facilitate its staff to undertake target oriented training on revenue administration courses. In fact, the target-oriented training on revenue administration was not adequately covered in the annual training calendar as per the training needs analysis. It was established as well that some revenue collection staff lack adequate proficiency

for use of available infrastructure mainly due to ignorance and resistance to change, this in turn makes the County Government unable to reach their revenue targets on time and adequately.

Makokha *et al.* (2014) study on the determinants of revenue collection maximization among County Governments, a case study of Kakamega County addressed how staff competency and remuneration affected revenue maximization potential concluding that this caused low revenue collection levels in the County. This prompted the study on Kajiado County Government to address this in another perspective with financial stewardship being established as a good estimator of revenue collection performance and existence of a significant relationship between the two variables.

A study by Nuluva (2015) on the factors affecting revenue collection in Morogoro Region, Tanzania found that inexperienced and unqualified personnel adversely affected revenue collection performance in the region. The study on Kajiado County filled this gap by looking this from a Kenyan perspective, Most of the staff in Kajiado are qualified , over Fifty (50) % have undergraduate degrees concluding that qualification was a non-issue with staff performance being affected by low morale and lack of regular staff development.

5.2.4 Findings on revenue collection performance

The study established that revenue collection performance by Kajiado County Government is moderate since the County is not always collecting revenue that is in accordance with their budget estimates. This implies that there is revenue shortfall necessary for meeting the budget requirements making the County to rarely achieve its revenue collection targets. The study found that sometimes the County revenue collection targets is not achieved because of revenue leakages, mainly caused by “at source spending” this is whereby revenue collected is not banked but spent

on other County projects on the same day. It was also found that the sometimes the County revenue collection performance is not achieved because of non-adherence to the stipulated tariff structure, this is mainly attributed to re-negotiation of dues so as to prompt taxpayer compliance and lack of accurate transaction records. The average performance of revenue collection in Kajiado County Government stunts the growth of revenue in the County.

5.2.5 Summary of Inferential Statistics

The study established that at a 0.05 level of significance, revenue sources, revenue administration practices, and financial stewardship are positively significant to revenue collection performance of Kajiado County Government, where each variable has a moderate influence. Thus, they moderately influence revenue collection performance in Kajiado County Government. The study also established that 20.34% of change in revenue collection performance in Kajiado County Government is explained by its revenue sources, the revenue administration practices and financial stewardship.

5.3 Conclusions

The study revealed that the revenue collection performance by Kajiado County Government is moderate and they do not always collect revenue that is in accordance with the provided budget estimates this revenue collection performance shortfall in turn make the County Government not to have enough funds to cater for their budget obligations. The County revenue collection is not always timely and as such it makes it difficult for the County to achieve budget targets. The County does not always collect some revenues as per rates stipulated in the tariff structure and also does not maintain accurate records for revenue collected and banked, this subsequently has an adverse effect on Kajiado County Government growing its revenue collection.

The study concludes that the revenue sources have a moderate influence on revenue collection performance of Kajiado County Government. This is mainly due to low diversification levels of this revenue, this makes the tax base to be significantly low. These revenue sources are also unreliable in ensuring revenue targets are achieved since the capacity these sources rarely generate sustainable cash flows. Additionally, there is limited assurance of accessibility of the revenue from the available sources mainly due to dilapidated infrastructure affecting logistics of getting to the taxpayers. According to the study, the regulatory framework in place does not fully address existing operational risks and review and updating of the same is rarely undertaken, this subsequently has an adverse effect on the efficiency of revenue collection and leads to low staff morale.

The study also concludes that the influence of revenue administration practices on revenue collection performance of Kajiado County Government was moderate. This is characterized by the inconsistency in the review of revenue collection administration policies and irregular review of key performance indicators of County treasury staff.

The internal control systems in place are not regularly reviewed so as to capture the ever changing behavior of its tax base and the business environment, this exposes the County to more risk with staff and taxpayers being not being frequently monitored. Additionally, there is lack of sufficient support functions necessary for achieving set targets; this is mainly characterized by dilapidated infrastructure that makes revenue collection process not to be properly facilitated thus having an impact in the revenue collection performance. The study also established that the County does not fully encourage stakeholder participation necessary for promoting taxpayer awareness, this means that the stakeholders whose decisions have a major impact on revenue matters do not fully participate in the decision making process this will lead to the stakeholders adopting what

the County Government has developed and tabled. The lack of stakeholder participation for promoting taxpayer awareness was also found to limit adequacy in revenue collection because of the lack of effective stakeholder participation for promoting taxpayer awareness, revenue enforcement strategies developed are highly challenged.

The study concludes that financial stewardship moderately influences the revenue collection performance of Kajiado County Government due to staff lacking the required academic qualifications for the positions they hold and lack professional qualification, as most of them are not licensed under professional bodies. The County rarely facilitates its staff for target-oriented training on revenue administration that has an adverse effect on the implementation of developed strategies and the general aptitude of the staffs to deal with any matters arising. Staff proficiency of the available infrastructure is also limited in some administrative regions that makes it difficult for them to reach the taxpayers on time hence influencing the revenue collection performance.

Finally, the study revealed that, at 0.05 level of significance, there is a positive significant relationship between revenue sources, revenue administration practices and financial stewardship on the revenue collection performance of Kajiado County Government with each explanatory variable having a moderate influence. The study also indicates that 20.34% of change in revenue collection performance in Kajiado County Government is explained by its revenue sources, the revenue administration practices in place and financial stewardship of the County staff. The study reveals that at 5% significance level, each of; revenue sources, revenue administration practices, and financial stewardship has a moderate significant influence on the revenue collection performance in Kajiado County Government.

5.4 Recommendations

5.4.1 Policy and practical implications

The study revealed the revenue collection performance by Kajiado County Government is moderate since the County is not always collecting revenue that is in accordance with the budget estimates. Kajiado County Government therefore needs to improve its revenue collection performance to attain its objective of social economic development. Owing to this, the study recommends that the County Government should improve on the reliability of revenue sources having the capability to generate sufficient revenue required for meeting the expected targets. Such Sources should have the capacity for the generating sustainable cash flows that are easily accessible to the County Government.

The County Government should seek for professional consultancy for designing and developing strategic revenue sources; if possible, the County Government should consider outsourcing revenue collection function to agencies to ensure the service is done accurately, on time and assured accessibility of the scarcely distributed taxpayers. The County should involve the stakeholders during the identification of revenue sources this may prompt diversity of the revenue sources and increase the taxpayer base making the revenue collection process efficient and operation risks being adequately identified and addressed.

Secondly, the study recommends the Kajiado County Government should effectively review its revenue administration strategies to meet the constant changing taxpayer behavior and business environment because lack of the same leads to identification and exploitation of the existing internal control systems. These policies should also clearly capture frequent reviews of key performance indicators of revenue staff like adding debt reduction as part of their performance

appraisal may lead to reactiveness from the staff to collect more revenue. The internal controls should also be simple and easy to implement. This can be achieved by continuous and regular reviews that will prompt early detection of flaws in the system and mitigating against new and potential flaws. Support functions for facilitating revenue collection should also be put in place for enabling ease in achievement of set targets and increase in the number of the compliant taxpayers. The stakeholder participation should be heavily encouraged since it will promote taxpayer awareness subsequently increasing compliance levels and the tax base. This would be achieved by conducting regular meetings with taxpayers including awareness campaigns for stakeholders' participation. The views of stakeholders should be regarded highly.

Lastly, the study recommends that Kajiado County Government should invest in staff development especially by providing opportunities for self-growth through academic and professional training opportunities. The County can achieve this by having in place a budget for staff training and have frequent trainings to cater for existing and emerging gaps. Occasionally, the County should arrange for target-oriented training on revenue administration to its revenue staff and promptly facilitate it. Importantly, Kajiado County Government should also create a conducive work environment favorable for improving staff morale.

5.4.2 Recommendations for future Research

The study used data collected from Kajiado County Government, thus limiting the scope to just this County. Kajiado County is one of the 47 counties in Kenya and this limited the generalization of the study to all the counties. The study failed to address the other Kenyan counties facing different revenue collection challenges, therefore, other studies should be conducted to assess the

influence of by these explanatory variables on revenue collection performance of other counties due to the different nature of challenges experienced in other areas.

The study found that 20.34% of change in revenue collection performance in Kajiado County Government is explained by the revenue sources, the revenue administration practices in place, and financial stewardship of the staff meaning that other variables account for the remaining 79.66%. The study therefore, recommends that other studies should be conducted to establish what contributes to the 79.66% variation in the revenue collection performance of Kajiado County Government.

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APPENDICES

APPENDIX I: LETTER TO RESPONDENTS

Kelvin Mwangi Wambui

KCA University, Town Campus

NAIROBI.

Dear Respondent,

RE: ACCEPTANCE LETTER

I am a student at KCA University undertaking a Master's Degree in Finance and Accounting. I have chosen Kajiado County Government to participate in this research on the Influence of Financial Management Practices on Revenue Collection Performance of your County. Your responses will be for the research purposes only and your identity will remain highly confidential. Kindly respond sincerely to the issues in the attached questionnaire. Please answer the questions by ticking the appropriate answer (choice) to the questions given.

Thank you in advance of your participation.

Yours Sincerely,

Kelvin Mwangi Wambui

Reg no 17-00385

KCA University

APPENDIX II: QUESTIONNAIRE

INFLUENCE OF FINANCIAL MANAGEMENT PRACTICES ON REVENUE COLLECTION PERFORMANCE OF KAJIADO COUNTY GOVERNMENT

This Questionnaire seeks to collect data among staff of Kajiado County Government. Any information provided in this Questionnaire will be used for purposes of research only and will not be divulged or availed to unauthorized persons

Please take a few minutes to complete this questionnaire

Tick the appropriate answer in the boxes provided against the questions where provided.

Section A: Background Information

1. What is your gender? Please tick (✓) appropriately
Male () Female ()
2. Highest education level attained. Please indicate your highest academic qualifications
Primary School () Secondary School ()
College () Undergraduate degree ()
Master's Degree () PhD Degree ()
Other () specify
3. Professional qualifications. Please indicate your highest professional qualifications
None ()
Technical Course ()
Diploma Course ()
Professional Courses ()
Revenue administration certificate ()
Any other relevant certifications..... ()
4. Position held in the County?
County Chief Officer ()
Head of departments ()
Finance & Accounts Officer ()
Revenue collection Officer ()

5. How many years have you been in revenue collection department?

0-1 Year ()

2-3 Years ()

4-5 Years ()

Above 5 Years ()

6. For each of the following revenue sources please indicate its level of performance, between 1 and 5, by ticking (√) on the space corresponding to the correct answer.

Scale: Very poor = 1; Poor = 2; Moderate = 3; High = 4; Very High = 5

| | Revenue Source Reliability | 1 | 2 | 3 | 4 | 5 |
|----|-----------------------------------|---|---|---|---|---|
| a) | Building plan approval fees | | | | | |
| b) | Application for plots | | | | | |
| c) | Quarry royalties | | | | | |
| d) | Business permit and licenses | | | | | |
| e) | Bus park charges | | | | | |
| f) | Cess | | | | | |
| g) | Advertisements | | | | | |
| h) | Mining permits | | | | | |
| i) | Parking Fees | | | | | |
| j) | Land rates | | | | | |
| k) | Others (specify) | | | | | |

7. May you please indicate the contribution to of each following revenue sources to the county budget?

Scale: Insignificant = 1; Low = 2; Moderate = 3; High = 4; Very High = 5

| | Revenue Source Reliability | 1 | 2 | 3 | 4 | 5 |
|----|-----------------------------------|---|---|---|---|---|
| a) | Building plan approval fees | | | | | |
| b) | Application for plots | | | | | |
| c) | Quarry Royalties | | | | | |
| d) | Business permit and licenses | | | | | |
| e) | Bus park charges | | | | | |
| f) | Cess | | | | | |
| g) | Advertisements | | | | | |
| h) | Parking fees | | | | | |
| i) | Mining permits | | | | | |
| j) | Land rates | | | | | |
| k) | Others (specify) | | | | | |

Section B: Revenue Source

8. Please indicate in your own opinion the level of influence of each of the following indicators of revenue source on revenue collection in your County by ticking (√) on the space corresponding to the appropriate answer in each question or statement below.

Scale: Strongly Disagree = 1: Disagree= 2: Neutral = 3: Agree =4: Strongly Agree = 5

| | Indicator | 1 | 2 | 3 | 4 | 5 |
|----|---|----------|----------|----------|----------|----------|
| a) | The revenue sources are reliable in achieving the expected targets. | | | | | |
| b) | There is capacity for the revenue sources to generate sufficient revenue | | | | | |
| c) | Accessibility of the revenue sources is assured | | | | | |
| d) | Operation risks are considered in the regulatory framework | | | | | |
| e) | The revenue streams are efficient to collect | | | | | |
| f) | The sources of revenue are diverse | | | | | |
| g) | Revenue sources generate the expected revenue as per the budget estimates | | | | | |
| h) | Taxpayer location is evenly distributed and easily accessible | | | | | |

Section C: Revenue Administration Practices

9. Please indicate in your own opinion the effects of each of the following indicators of Revenue Administration Practices influence on revenue collection performance in your County, by ticking (√) on the space corresponding to the appropriate answer in each question below.

Scale: Strongly Disagree = 1: Disagree= 2: Neutral = 3: Agree =4: Strongly Agree = 5

| | Indicator | 1 | 2 | 3 | 4 | 5 |
|----|--|----------|----------|----------|----------|----------|
| a) | Revenue collection administration policies are reviewed on a regular basis | | | | | |
| b) | Duties and responsibilities of revenue staff are appraised and reviewed frequently | | | | | |
| c) | Internal control Systems are reviewed on regular basis to ensure protection of revenue | | | | | |
| d) | Support functions have made it easier to achieve compliance | | | | | |
| e) | Stakeholder participation is encouraged to promote taxpayer awareness | | | | | |
| f) | Revenue policies are easy to interpret and understand | | | | | |
| g) | Revenue enforcement strategies are effective in achieving taxpayer compliance | | | | | |

Section D: Financial Stewardship

10. Please indicate in the extent to which each the following indicators of financial stewardship influence revenue collection in your County by ticking (√) on the space corresponding to the appropriate answer in each question or statement below.

Scale: Strongly Disagree = 1: Disagree= 2: Neutral = 3: Agree =4: Strongly Agree = 5

| | Indicator | 1 | 2 | 3 | 4 | 5 |
|----|--|----------|----------|----------|----------|----------|
| a) | County Treasury department staffs are academically qualified | | | | | |
| b) | County Treasury department staffs have professional qualifications | | | | | |
| c) | County Treasury department staffs in revenue collection are experienced | | | | | |
| d) | Staff are properly facilitated to undertake their duties | | | | | |
| e) | Target oriented training on revenue administration is provided as per the training needs analysis. | | | | | |
| f) | The work environment has improved staff morale. | | | | | |
| g) | All our revenue collection staff have proficiency in use of available infrastructure | | | | | |
| h) | The county has adequate treasury work force able to reach all taxpayers as planned | | | | | |

Section E: Revenue Collection Performance

11. Please indicate your own opinion level of agreement or disagreement with the following statements on revenue collection performance by ticking (√) in the space corresponding to the appropriate answer in each question.

Scale: Strongly Disagree = 1: Disagree= 2: Neutral = 3: Agree =4: Strongly Agree = 5

| | Statement | 1 | 2 | 3 | 4 | 5 |
|----|---|----------|----------|----------|----------|----------|
| a) | Our county has always been collecting revenue that is in accordance with the budget estimates | | | | | |
| b) | Sometimes the revenue collected was in excess of the budget estimate | | | | | |
| c) | The county revenue collection is collected on a timely basis | | | | | |
| d) | The county always collects the as per rates stipulated in the tariff structure | | | | | |
| e) | The county maintains accurate records for revenue collected and banked | | | | | |
| f) | Revenue collections have continued to grow year after year | | | | | |

Thank you for your co-operation and God Bless you

APPENDIX III: RESEARCH PERMIT


THIS IS TO CERTIFY THAT:
MR. KELVIN MWANGI WAMBUI
of KCA UNIVERSITY, 1322-232
RUIRU, has been permitted to conduct
research in Kajado County

on the topic: INFLUENCE OF FINANCIAL
MANAGEMENT PRACTICES ON REVENUE
COLLECTION PERFORMANCE OF KAJIADO
COUNTY GOVERNMENT

for the period ending:
23rd August, 2019


.....
Applicant's
Signature

Permit No : NACOSTI/P/18/82624/24797
Date Of Issue : 24th August, 2018
Fee Received : Ksh 1000



.....
Director General
National Commission for Science,
Technology & Innovation

APPENDIX V: RESEARCH AUTHORITY



**NATIONAL COMMISSION FOR SCIENCE,
TECHNOLOGY AND INNOVATION**

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NACOSTI Upper Mothi
Off Wanyama Way
P.O. Box 59523-0100
NAIROBI-KENYA

Ref: **NACOSTI/P/18/82624/24797** Date: **24th August, 2018**


Kelvin Mwangi Wambui
KCA University
P.O. Box 56808 - 00200
NAIROBI.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on *"Influence of financial management practices on revenue collection performance of Kajiado County Government."* I am pleased to inform you that you have been authorized to undertake research in **Kajiado County** for the period ending **23rd August, 2019**.

You are advised to report to **the County Commissioner and the County Director of Education, Kajiado County** before embarking on the research project.

Kindly note that, as an applicant who has been licensed under the Science, Technology and Innovation Act, 2013 to conduct research in Kenya, you shall deposit a **copy** of the final research report to the Commission within **one year** of completion. The soft copy of the same should be submitted through the Online Research Information System.



BONIFACE WANYAMA
FOR: DIRECTOR-GENERAL/CEO

Copy to:

The County Commissioner
Kajiado County.

The County Director of Education
Kajiado County.

Annual Report of the National Commission for Science, Technology and Innovation for 2018/2019