

**ASSESSING THE FACTORS AFFECTING THE REVENUE COLLECTION  
PERFORMANCE OF COUNTIES IN KENYA**

**(A CASE OF GARISSA COUNTY)**

**By**

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**NOVEMBER, 2015**

## DECLARATION

I declare that this dissertation is my original work and has not been previously published or submitted elsewhere for award of a degree. I also declare that this contains no material written or published by other people except where due reference is made and author duly acknowledged.

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# **ASSESSING THE FACTORS AFFECTING THE REVENUE COLLECTION PERFORMANCE OF COUNTIES IN KENYA (A CASE OF GARISSA COUNTY)**

## **ABSTRACT**

Although the county revenue management is the vehicle to economic growth and development; and efficient service delivery at the counties in Kenya, the revenue collection in various counties of Kenya faces serious challenges. The general objective of the study was to assess the factors affecting revenue collection performance of counties in Kenya in an effort to make recommendations for ensuring excellent performance of revenue collection. Specific objectives of the study were to establish the influence of revenue sources, revenue collection administration, information communications technology and staff capacity on revenue collection performance of Garissa County in Kenya. The study was based on the public choice theory and tax compliance model. The study used descriptive survey design. The study considered a target population of 136 officers of Garissa County government. Since the target population is accessible and manageable the study used census. The study used a structured questionnaire for collecting primary data from the selected respondents. Descriptive statistics, correlation and regression analysis were used to analyze data. Quantitative data was analyzed with assistance of Statistical Package for Social Scientists (SPSS). The study established that revenue source significantly influenced revenue collection performance. Further, revenue collection administration, ICT and staff capacity has a positive and significant effect on revenue collection performance. The study makes the following recommendations. First, the county should ensure that it diversifies its revenue sources to widen its tax and revenue bracket. Secondly, the county government should institute innovative and accountable methods of revenue collection and management. Moreover, the county should adopt ICT in various activities and process of revenue collection to ensure that processes with inefficiencies are removed. Lastly, the study recommends that staff capacity should always be improved to ensure that they can keep up with the needs of revenue collection.

**Key words:** Revenue, collection, administration, staff, capacity, performance.

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## **DEDICATION**

This research study is dedicated to my wife Fatuma Khalif and my children for their overwhelming support and understanding during this period of study. Special devotion goes to my mother and father for instilling in me the passion and zest for education and the moral support throughout my entire education.



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## **ACRONYMS AND ABBREVIATIONS**

CIDP	County Integrated Development Plan
CRA	Commission on Revenue Allocation
FY	Fiscal Year
GoK	Government of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
ICT	Information Communications Technology
LAIFOMS	Local Authority Integrated Financial Operations Management System
LHT	Local Hotel Tax
LST	Local Service Tax
SPSS	Statistical Package for Social Sciences

## TERMS AND DEFINITIONS

**County revenue** - Gross proceeds from taxes and fees levied on companies and individuals, excise duties, customs duties, other taxes, sales of goods and services, dividends and interest received (Namoit, 2012).

**Devolution** - Transfer of administrative duties, political powers and fiscal resources from central (national) Government to regional or sub-national governments (County governments) (Republic of Kenya, 2010).

**Information Communications Technology** - The devices and programs used for development of procedures, processing, output, storage and transmission of data and information electronically (Onyango, 2013).

**Revenue collection Performance** - The adherences to budget estimates (requirement) in collection of county revenue each year (Owolabi, 2011).

**Strategies of Revenue collection Administration** - The processes, policies and procedures surrounding the revenue collection environment. It involves administration of revenue collection, information technology systems, and internal controls (Makokha *et al.*, 2014).

**Revenue source** - Includes the various origins of revenue (capital structure), where revenue is collected from (Balunywa *et al.*, 2014).

**Staff Capacity** - The ability of the ability of the revenue to raise the funds needed, allocation of the funds to the most productive uses, and exercise of control over the way the funds are collected (Adedokun, 2007).

## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background of the Study

The constitution of Kenya (2010) lays the basis of devolution of funds to the 47 County Governments. The constitutional provisions empower the county governments to collect revenue for development at the grassroots level (Mutakha, 2011; Mwangi, 2010; Namoit, 2012; Owuor, *et al.*, 2013). The major sources of local revenue for county government include; parking fees, market dues, land fees, trading licenses, inspection and plan fees, registration fees, water revenue, taxes on specific services, operational permits and many others (Andrew Patton, 2008). The revenue collected is used to propel investment, economic growth and development (Olatunji, 2009) and service delivery at the grassroots (Namoit, 2012).

The said economic growth, development and improved service delivery would only prevail through collection of adequate revenue at the county level (Clegg & Greg, 2010). The county government is compelled therefore to ensure revenue collection that complies with budget estimates to supports its financial needs (Owuor, *et al.*, 2013). However, the county governments face challenges in revenue collection owing to; adequacy, elasticity, equity, administrative capacity and economic efficiency (Ngotho & Kerongo, 2014).

More specifically, most county governments collect very low amount of revenue because they face a number of institutional problems in the process of revenue collection (Ngotho & Kerongo, 2014). According to Owuor, *et al.* (2013), there is evidence that many county governments are not very good at managing their revenue collection, although they are expected to provide the expected revenue collection performance (Ngotho & Kerongo, 2014).

Owolabi (2011) study explains that a useful perfect revenue collection system must be established in the county government to ensure high revenue collection performance.

Revenue collection performance, Is the actual revenue collected compared to the revenue target. Study by Ngotho and Kerongo (2014) shows that high revenue collection performance is vital to promote efficiency in the service delivery and economic development at the counties (Ngotho & Kerongo, 2014). However, most counties in Kenya face various challenges that hinder achieving high revenue collection performance (Institute of Certified Public Accountants of Kenya [ICPAK], 2014; Office of the Controller of Budget Report, 2014), where counties are not able to collect sufficient funds to cover their budget expectations which render budget compliance a mirage.

Onyango (2013) found that poor revenue collection performance is as a result of ineffective collection management in the counties (ICPAK, 2014). The study by Owuor *et al.* (2013), found that county governments failed to provide the expected revenue collection performance due to poor revenue management practices. These studies explain that existence of efficient revenue collection practices make a substantial difference between the success and failure of revenue collection.

### ***1.1.1 Profile of Garissa County***

Garissa County is one of the three counties in the North Eastern region of Kenya. It covers an area of 44,417,510 hectares and lies between latitude 10 58'N and 20 1' S and longitude 380 34'E and 410 32'E. The county borders the Republic of Somalia to the East, Lamu County to the South, Tana River County to the West, Isiolo County to the North West and Wajir County to the North (Garissa county integrated development plan, 2015).

The main economic activities in the county are Livestock rearing and small scale farming along Tana River. Livestock rearing is the backbone of the county's economy. The main livestock breeds are Cattle (boran), Goats (Galla), sheep (black headed Persian) and Camel (dromedary one humped). The main livestock products are meat, milk, hides and skins. For farming main crops grown are: water melons, mangoes, vegetables, tomatoes, paw paws, bananas, cowpeas, simsim, maize, beans and green grams. These are usually produced on a small scale under irrigation along the Tana River. Fish farming is also done on a small scale using fish ponds. The County has five fish ponds along Tana River with a total area of 1,200 square metres. The main types of fish produced are mudfish, catfish, bonefish, tilapia and eel. (Garissa County integrated development plan, 2015).

During the transitional period 2012/2013 financial year, the county received Kshs. 217,388,329 to cater for salaries, administrative and maintenance costs. During this period Garissa County Government collected local revenue of Kshs.15,090,673 as per the returns from the Local Authority Integrated Financial Operations Management System (LAIFOMS). However disparities were noted between the amounts collected and the amount deposited in the bank account and this raised question of whether the county has put in place adequate revenue assurance and internal audit procedures to ensure that there are no leakages in revenue collections and lay down mechanism for prudent and transparent revenue management (Office of the Controller of Budget, 2014).

Garissa County targeted to collect Sh. 150.153 million as local revenue in the 2013/2014 financial year (Garissa county budget, 2013/2014). This was to be raised from sources such as property tax, house rent, business license, stock auction and slaughter fees, agricultural produce cess, building plan approval charges, outdoor advertising, parking fees, market fees and royalties

as proposed in the Garissa County Finance Act. However, the county was only able to collect 35.9 million translating to 23.8% budget compliance (Office of the controller of budget, 2014). Garissa county revised CIDP proposes several strategies to enhance revenue collection. These include automation of revenue collection, mapping of county revenue sources, adopting an online submission of building plans, automation of parking fee collection, regularizing the appropriations –in- aid, enforcing surprise checks, strengthening the capacity building and imposition of fines and stiff penalties for non-compliance with laws, rules and regulations. These fines and penalties are in relation to wrongs tax evasion, wrong parking, cause of public nuisance, breaking of county laws, rules and regulations among others (Garissa County Integrated Development Plan, 2015).

The rationale of choosing the Garissa County Government is because the county is regarded as among the counties suffering the most social challenges in Kenya and thereby classified as a marginalized county. Secondly, the data from financial source (ICPAK, 2014) had shown that Garissa County is among the counties with high deficit in revenue collection in the 2013/2014 Fiscal Year (Office of the Controller of Budget, 2014).

## **1.2 Statement of the Problem**

Although the revenue collection at the counties in Kenya is the vehicle to economic growth, development and efficient service delivery at the grassroots (Namoit, 2012), the revenue collection in various counties faces serious challenges (Owuor, *et al.*, 2013). It is unfortunate that most counties fall short of collecting sufficient revenue to reach their revenue collection targets (based on the annual budgetary estimates), which means large amounts of revenues are left uncollected thereby creating large local revenue collection gaps (ICPAK, 2014). For instance, in the Fiscal Year (FY) 2013/2014, Garissa County which targeted Ksh. 150.153

million revenue collection (ICPAK, 2014) was only able to collect Ksh. 35.9 Million (Office of the Controller of Budget implementation Report, 2014), which translated to 23.8% of the budget estimate that year.

Office of the Controller of Budget (2014) classifies Garissa County as among 14 counties that had collections below the former local authorities' local tax collections in the 2013/2014 FY. This is in comparison to the amounts generated by the former local authorities in (2011/12) FY. This raises serious questions about the counties' ability to raise their own revenue, because under the 2010 constitution, local authorities were merged into counties and now have expanded jurisdictions, and one would rightly expect more revenue from property, entertainment taxes and user charges (Office of the Controller of Budget, 2014).

Such serious challenge of meeting local county revenue collection targets (ICPAK, 2014) of the county would possibly hinder the achievement of the intended objectives of ensuring economic growth, development and effective service delivery (Kimani, 2013; Namoit, 2012).

The present study reviewed other global, regional and local empirical studies that have been conducted on revenue collection. For instance, studies by Chaudhry and Munir (2010) and Segal and Sen (2011) identified the factors responsible for designing revenue policies but did not identify the factors influencing revenue collection. Moreover, Lutfunnahar (2007) showed the need for sufficient tax to support development and recurrent expenditure but did not focus on the factors influencing revenue collection. Ziria (2008), Mwakalobo (2009) and Owolabi (2011) on the other hand, showed the value of effective revenue collection system without showing the main factors leading to adequate revenue collection performance. Balunywa *et al.* (2014) and Makokha *et al.* (2014) noted that revenue source, information communications technology, and staff capacity influence revenue collection. However, they did not assess the role of strategies of



revenue collection administration in revenue collection performance. Lastly local studies by Okech & Mburu (2011), and Muriithi, (2013) emphasized the need for county governments to ensure sound revenue collection. Additionally, Ngotho and Kerongo (2014) found that compliance was a major issue in Kenya as it left out the factors that would influence revenue collection.

The reviewed studies had not significantly addressed the factors affecting performance of revenue collection of counties in Kenya. This could have been due to the fact that the devolved system had been in Kenya for a very short time, which does not provide sufficient time to assess the performance of a single county (since the data available is for only one year). In fact, there existed no sufficient literature to explain what factors affect the local revenue collection performance of counties in Kenya. So, more studies and research could yield solutions to the problems in revenue collection and ensure that the county government achieves the devolved government objectives. This status of affairs motivated the need to conduct the present study as it filled this knowledge gap.

### **1.3 Objectives of the Study**

#### ***1.3.1 General objective***

The general objective of the study was to assess the factors affecting revenue collection performance of counties in Kenya.

### ***1.3.2 Specific objectives***

Specific objectives of the study were to:

1. To establish the influence of revenue source on the revenue collection performance of Garissa County in Kenya.
2. To establish the influence of strategies of revenue collection administration on the revenue collection performance of Garissa County in Kenya.
3. To establish the influence of information communications technology in enhancing revenue collection performance in of Garissa County in Kenya.
4. To establish the influence of staff capacity on revenue collection performance of Garissa County in Kenya.

### **1.4 Research Questions**

The study answered the following questions:

1. What is the influence of revenue source on the revenue collection performance of Garissa County in Kenya?
2. What is the influence of strategies of revenue collection administration on the revenue collection performance of Garissa County in Kenya?
3. How does information communications technology enhance revenue collection performance of Garissa County in Kenya?
4. What influence does staff capacity have on revenue collection performance of Garissa County in Kenya?

## **1.5 Significance of the Study**

The study findings and recommendations will be beneficial to the following stakeholders:

### ***1.5.1 County governments***

The government would benefit from the study findings and recommendations by gaining information explaining how they would achieve the objectives of successful devolution of funds for socio-economic development through effective revenue collection performance. The benefits will be increased investments, improved quality of life, job creation, and reduction in poverty levels. This would lead to economic development enhanced by effective revenue collection.

### ***1.5.2 Policy makers***

The findings and recommendations of this study will be important in the formulation of policies governing the distribution and sharing of resources between the National and County governments. The policy makers will also use it to assess the capacity of county governments in managing revenues allocated and generated from the counties to stir economic growth and development. The National government and its agencies will gain by obtaining information to enable them put in place policies to support the achievement and sustainability of devolved funds for socio-economic benefit through effective revenue collection mechanisms.

### ***1.5.3 The public***

The study findings will be important to the public in understanding the role of devolution in revenue collection. This will inform the expectations of residents concerned and will inform them on how the resources would be allocated and efficiently collected to satisfy their needs and desires, thereby ensuring equitable distribution of resources.

#### ***1.5.4 Academicians and scholars***

The study will add knowledge in the public-private devolution and revenue allocation in a devolved government, making it useful to academicians and scholars

#### ***1.5.5 Researchers and scientists***

The study will be a window opener for more research in the areas of financial management in devolved systems, making it useful to researchers and scientists.

### **1.6 Limitation and Delimitations of the Study**

Various limitations challenged the study. For instance it was very difficult to complete the study due to reluctance and uncooperativeness of the respondents, who felt that they were being disturbed and would even fail to explain some technical items. The researcher and research assistant struggled to get meaning of these data and values. However the researcher explained that the data that was to be obtained was for academic purpose only.

Further, the study used 136 respondents to obtain the desired data, which limited the precision of the data, considering that Kenya has many counties in the rural and urban areas that would give more data to arrive at better results. The study also faced the challenge of limited time for data collection and other processes. To overcome this challenge, the researcher employed the services of a researcher assistant to assist in administering questionnaires. The study was further constrained by limited finance. The researcher then sought for a loan from his SACCO to obtain more finance which supplemented the study budget.

Moreover, the study was limited to the honesty of the respondents. The respondents could have given inaccurate and incorrect information but the researcher first conducted meeting with the respondents to explain that the purpose of the study was purely academic. Lastly, the study model was also limited as it showed that 21.30% variation of revenue collection performance is

explained revenue source, strategies of revenue administration, information communication technology or staff capacity. This means that there are other factors that account for the remaining 79.70%.

### **1.7 Scope of the Study**

The study aimed to assess the factors affecting the revenue collection performance in Garissa County. This study collected data from Garissa County Government departments. The rationale of choosing the Garissa County Government was because the county was regarded as one of the counties with revenue collection challenges in Kenya. Further, Garissa County had a wide diversity of tax payers in the area.

### **1.8 Basic Assumptions of the Study**

The study made following assumptions:

1. Revenue collection systems in counties remained unchanged during the period of the study.
2. Garissa County officials would provide necessary assistance.
3. The respondents would freely give the correct and accurate information
4. The status quo on equitable share and revenue collection in County government remained unchanged.

## **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 that has been reviewed for the purpose of the study. The chapter covers an overview of the literature of previous studies, findings and recommendation showing the research gap that was filled and theoretical framework. The theoretical literature helped the study to develop a conceptual framework. The chapter concludes with a conceptual framework.

#### **2.2 Theoretical Review**

The present study reviewed various theories and literature which were found useful and bringing light to the current study. The reviewed theories and literature included public choice theory and tax compliance model. The said theories were useful as they assisted in the design and development of the study's conceptual framework. These theories helped the study in various factors as related and beneficial to the present study.

##### **2.2.1 *Public choice theory***

According to Richard (2009), a government budget-maximizing model for the purpose of maximizing their own economic benefits, was designed with the optimum goal of allocating goods and making decisions based on public functions management. In this respect, the theory is central in providing 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 on premise that devolved county governments present opportunities to promote socio-economic development and service delivery

in the counties, which are generally through efficiency (both productive and allocative efficiencies) and effectiveness (Muriisa, 2008).

With respect to the present study, the public theory therefore helped to design budget-maximizing systems and features that would promote the high revenue collection performance, by all means, to accelerate the county's socio-economic growth and development through its effectiveness and high collection performance. The public choice theory becomes the basis of high revenue collection performance (high revenue collection compliance) 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). Due to its position in promoting high performance, hence development and growth, the public choice theory was found beneficial to the present study with regard to revenue collection performance.

### ***2.2.2 Tax compliance models***

According to Jones (2009), the dimensions of revenue collection compliance are; filing the correct returns and supplying accurate revenue information, remitting the correct revenue returns and doing this in timely manner (Brostek, 2007). As such, revenue collection compliance should ensure that the revenue amount collected is correct (Forum on Tax Administration, 2009) and reflects the correct status of revenue information. Revenue compliance is considered to be high when most of the taxpayers to the government pay for all revenues due from them at the right time.

According to Johnston and Clark (2001), certain benefits enjoyed by the government due to correct revenue collection include improving public service delivery and ensuring high revenue collection performance. Katzan (2008) supported these sentiments by indicating that service delivery by governments revolves around provision of assistance and expertise through

interrelated service processes, where high tax compliance performance expectations is of the most important concern to government for its economic development, growth and service delivery (Cuomo, 2000; Gummesson,1994).

Certain tax compliance models suggest that high revenue collection compliance is the cornerstone of economic growth, development and service delivery in the public sector and the government should enforce the rule of compliance to make this a reality. The various tax models thus considered in this study to explain the revenue collection included economic models, uncertainty models, and norms of compliance models.

The economic models indicate that the taxpayers view tax non-compliance as a form of income through profit maximization. Although avoiding tax compliance and remaining unnoticed reduces enhanced tax revenue streams, taxpayers view it as a financial gain as it increases their profits (Becker, 1968). The taxpayers using some corrupt practices therefore avoid or evade revenue compliance. In fact, the economic models expose the presences of corrupt practices in revenue collection as a major hiccup in ensuring high revenue collection performance. Such practices lead to tax evasion and tax avoidance, which drastically reduce the revenue collection performance (Becker, 1968). So, the revenue collection agencies should design and implement various measures to eliminate or reduce these corrupt practices system aimed at improving compliance (Sandmo, 1981; Greenberg, 1984; Buyonge, 2007) to the highest level possible. This information, which expose corrupt practices as a major factors leading to reduced revenue collection performance, highly motivated the present study to consider corruption as a key factors affecting revenue collection performance in county governments.



The uncertainty models explain that revenue collection compliance is influenced by the payers' knowledge of the requirement for revenue collection obligations (Lawsky, 2011). Lawsky (2011) emphasizes that the responsibility of creating awareness and understanding of the tax responsibility lies with the revenue collection authority (Lawsky, 2011) through application of effective revenue collection systems. The revenue collection authority should ensure clarity; goodwill and easier understanding of revenue obligation in order to enhance high revenue collection compliance and compliance to the expected revenue collection which would comply with the budgets (Jordi & Judith, 2005).

The norms of compliance models rest on tax culture, where tax compliance by the taxpayer is influenced by the tax culture of that area. In fact, the revenue collection systems in place and revenue source account for level of compliance towards revenue collection (Kirchler *et al.*, 2007). According to norms of compliance, tax compliance is higher where the taxpayers in that region consider tax compliance important and essential (Alm *et al.*, 1992) due to perception created by the existing revenue collection systems and revenue source. Further, information technology utilization in tax calculation and tax compliance management plays a very important role in improving compliance (Kirchler *et al.*, 2008).

### **2.3 Empirical Review**

Various empirical studies, found beneficial to the present study were appropriately reviewed to strengthen the present study and thereby build strong foundation. The present study reviewed these past studies under the classifications; performance of revenue collection performance; staff capacity, revenue collection systems, ICT and revenue source.

### ***2.3.1 Performance of revenue collection in county governments***

Olowu and Wunsch's (2003) study found that sound revenue systems for county governments fostered political and administrative accountability, hence empowering grassroots socio-economic development. Later, the study by Ziria (2008) shows that high performance of revenue collection by local government importantly ensures financing of recurrent and development expenses of the local government and completion of projects. This guarantees sustainability of service delivery, development and promotes autonomy of local governments. This is to say that local (county) government would need to maintain an effective revenue collection to ensure achievement of its objectives. Although the studies by Olowu and Wunsch (2003) and Ziria (2008) showed the importance of high revenue collection at the county government, it fell short of showing what high performance is and how it was measured, which is what the present study sought to determine.

Another study by Lutfunnahar (2007) concluded that governments with low tax effort (less than unity index) were not utilizing their full capacity of tax revenue and therefore lacked the potential for financing budgetary imbalance through raising tax revenue. Mwakalobo's (2009) study established that when the government lacked adequate revenue collection, the public spending is drastically affected. As the government revenue decline and revenue collection is inadequate, service delivery and development retards drastically. Additionally, Chaudhry & Munir's (2010) study established that tax revenue collection is very vital to socio-economic development in the country. The results further suggest that boosting the openness, money supply and political stability has the potential to raise the level of taxation.

Owolabi's (2011) study found that there were revenue allocation wastages and mismanagement of funds and recommended that there was need for policies to enhance

improved revenue collection performance by local government, placing more emphasis on the internal revenue generation and budget monitoring and implementation. Moreover, a local study by Okech and Mburu (2011) concludes that a large percentage of tax revenue comes from discretionary tax policy and not from pure responsiveness of tax revenue to changes in national income. Muriithi's (2013) study established that tax leads to continuous increase in revenue obtained by government. However, the study concluded that the rate of economic growth has been gradual. Another local study by Ngotho and Kerongo (2014) showed that compliance levels and tax rates were factors that mainly affected revenue collection. The study recommended to the government to initiate tax compliance campaigns to sensitize citizens on the importance of tax to the life and self-sustenance of a nation.

### ***2.3.2 Influence of revenue sources on revenue collection***

The study by Arye (2003) established that low revenue collection was influenced by poor revenue collection capacity and poor access to the revenue base, as well as the reliability of the revenue sources, among others. These findings conformed to those of Adedokun (2007), which confirmed that the reliability of the revenue sources affected the revenue collection performance. The study by Arye (2003) found that low revenue collection resulted from poor access to the revenue base.

Jepkemboi's (2008) study revealed that poor tax performance in governments, in terms of raising enough revenue was due to reliability on a single tax source, which caused deficiencies in revenue collection. The sources of financing government are user fees and charges, property revenue, and revenue from persons in gainful employment. A study by Abiola and Asiweh (2012) concluded that diversification of revenue sources is very important for economic development. There is urgent need for a review and restructuring of the nation's tax policy and

administrative system. The government should take step to address the perennial annual budget deficits and tax gap while the citizens should wake up to their civic responsibilities in terms of tax compliance. Balunywa *et al.* (2014) hence, recommended that local governments should diversify their tax revenues.

### ***2.3.3 Influence of revenue collection administration strategies on revenue collection***

Arye (2003) established that low revenue collection resulted from poor revenue collection administrative capacity and lack of effective enforcement of the revenue collection. These findings conformed to those of Adedokun (2007), which identified the various factors affecting revenue collection performance. The findings also indicated fiscal decentralization as a measure to improve revenue performance, enabling better planning for revenue collection. This is because fiscal decentralization was observed to reduce cases of tax evasion, enabling the local unit to get more sources of revenue and that making it easy to handle taxation disputes.

A study by Agyapong (2012) revealed that the county was not sufficiently empowering itself through revenues collection, because it had not developed new and sustainable strategies to improve its performance in revenue collection. Ndyamuhaki's (2013) study established that that revenue collection performance is constrained by administrative inefficiencies, lack of general sensitization, and absence of enough relevant information about taxes. The study recommended for tax reforms to change the tax structure, change the tax system from being regressive to progressive among other recommendations. Moreover, the study by Makokha *et al.* (2014) established that failure to educate tax payers, insufficient supervision during revenue collection, and lack of sensitization of taxpayers about benefits of paying taxes leads to low local revenue collection.

#### ***2.3.4 Influence of information communications technology on revenue collection***

Otieno *et al.* (2013) established that there is a relationship between ICT systems and both efficiency and effectiveness in revenue collection. Further, the study established a strong positive relationship between internal control systems and revenue collection, and that resistance to change by the council staff was derailing the full implementation of ICT.

Additionally, Segal and Sen (2011) established that efficient and effective management of revenue collection depends greatly on administrative framework. The study found that the technological knowledge was a challenge to revenue collection in the ministry. Other challenges to the use of technology were inadequacy of facilities for the use of technology, lack of knowledge and skills on the use of ICT in the collection of revenue among the revenue collection staff and resistance to change by the employees in the ministry. Other challenges included inadequate ICT infrastructure in the ministry and the incorporation of the non-automated system of revenue collection. The study concluded that the use of technology, integrity, and revenue collection staff were a challenge to the collection of revenue in the ministry while government policy was not a challenge.

#### ***2.3.5 Influence of staff capacity on revenue collection***

Adedokun (2007) study asserts that staff capacity covering competence and the number of staff needed to deliver services to the clients is important for revenue collection performance. Training and development enables the employees to acquire skills for higher performance thus organizations must use training and development to create skill in their work force that will lead to organizational effectiveness. Adedokun's (2007) study further identified the shortage of trained personnel, and lack of capacity to attract and retain personnel as the main factors affecting prudent revenue collection performance. The study found that there was shortage of

well trained and qualified personnel supposed to serve in collection of revenue at the local level and even the few available are not properly trained in efficient budgetary and financial management systems.

The study by Balunywa *et al.* (2014) found that the revenue collection staff in the ministry was inadequate and that they were not properly trained which affected the revenue collection performance. Moreover, Balunywa *et al.* (2014) indicated that there was poor revenue performance in local governments due to retaining unskilled revenue collection staff and recommended for better skilled manpower that would help enhance revenue performance. The study also recommended that political leaders should be restricted from interfering with the work of technical staff and the government should increase minimum qualifications for councilors so as to attract capable leaders who understand government programmes better. This is expected to reduce political interference and inefficiency.

Makokha *et al.* (2014) established that staff competence and staff remuneration affect revenue maximization potential. Specifically, incompetent staff adversely affects the revenue collection performance. Further, Mugambi and Theuri (2014) observed that revenue collection performance increased by enhancing staff capacity building within the county treasury staff, making efforts to deploy the right staff in the revenue collection.

#### **2.4 Summary and Research Gaps**

Various studies on performance of revenue collection have been reviewed taking into consideration the various factors used in the present study. For instance, studies by Zirira (2008), Mwakalobo (2009) and Owolabi (2011) showed the use of effective revenue collection system but did not identify the main factors leading to revenue collection performance, staff capacity, revenue collection systems, and revenue sources. The same applies to the study by Olowu and

Wunsch (2003), which praised the need for county government to ensure sound revenue collection practices but fell short of giving prescriptions to impose huge constraints on the choice of revenue instruments for local governments.

Moreover, the studies by Lutfunnahar (2007), Chaudhry and Munir (2010), Okech and Mburu (2011), and Muriithi (2013) showed that tax was an important element of revenue and total tax compliance favorably affect the total revenue collection. The results suggest that boosting the openness, money supply and political stability has the potential to raise the level of taxation. However, these studies did not explore the effects of other factors. Additionally, the study by Ngotho and Kerongo (2014) found that compliance was a major issue in Kenya. The study therefore recommended further studies to be conducted on the factors that lead to tax non-compliance in Kenya. Furthermore, the studies by Balunywa *et al.* (2014) and Makokha *et al.* (2014) provided immense information on three of the four factors, namely, staff capacity, revenue collection systems, and revenue source, which provide the basis to the study but they did not assess the role of revenue collection systems in revenue collection performance.

The studies by Jepkemboi (2008) and Abiola and Asiwah (2012) mainly identified tax as the most essential revenue collection sources but fell short of explaining other factors for county governments. The studies by Adedokun (2007) and Makokha *et al.* (2014) did not give elaborate staff capacity practices although these studies were dealing with this item. The studies by Tumushabe *et al.* (2010), Segal and Sen (2011), Agyapong (2012), and Otieno *et al.* (2013) on the other hand, identified the factors responsible for designing revenue policies but did not expand beyond the boundaries to consider factors such as staff capacity, and revenue sources within their studies' spectrum.

Further, Arye (2003) studied instructional practices as the main concerns in revenue collection performance but did not show how the financial practices actually influence the revenue collection performance in its entirety. The studies by Tumushabe et al. (2010), Segal and Sen (2011), Agyapong (2012), Otieno *et al.* (2013) and Ndyamuhaki (2013) identified the factors responsible for designing revenue policies. The studies, however, failed to comprehensively the role of revenue sources, strategies of revenue collection administration, information communications technology, and staff capacity on performance of revenue collection. Therefore, there was need to do more research on performance of revenue collection so as to have solutions to the challenges which may hinder achievement of devolved government objectives.

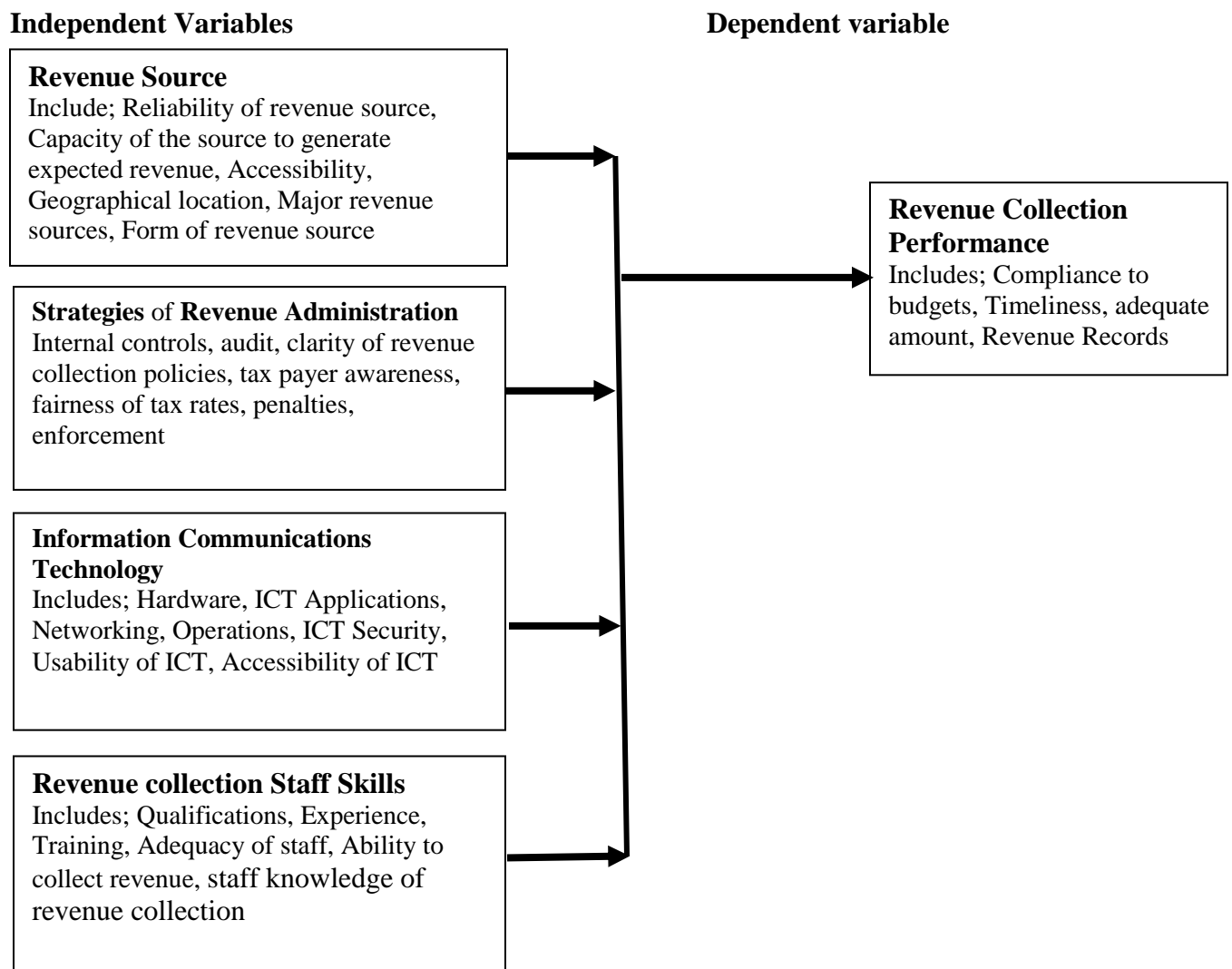
## **2.5 Conceptual Framework**

The study developed a conceptual framework adopted from theory of public choice and compliance theory as well the reviewed studies (Figure 1). The public choice theory (Muriisa, 2008; Namoit, 2012) helped the current study to consider revenue collection as the dependent variable (for the purpose of ensuring effective service delivery and development at the county). The economic models suggested for strengthening of internal control systems to ensure high revenue collection performance (Sandmo, 1981; Greenberg, 1984; Buyonge, 2007). The revenue collection authority should ensure that well-trained and motivated staff is retained to ensure high revenue compliance. The uncertainty models (Jordi & Judith, 2005) and norms of compliance model explain that revenue collection compliance is enhanced by the effective revenue collection systems as well as reliable revenue sources. The study proposed that performance of revenue collection (Ngotho & Kerongo, 2014) in Garissa County is influenced by revenue source (Balunywa, 2014), strategies of revenue collection administration (Ndyamuhaki, 2013; Makokha



*et al.*, 2014), information communications technology (Onyango, 2013; ICPAK, 2014' Makokha *et al.*, 2014), and staff capacity (Balunywa, 2014). This study therefore regarded the revenue sources, strategies of revenue administration, information communication technology and staff capacity, as the independent variables while performance of revenue collection of counties in Kenya was the dependent variable.

**FIGURE 1**  
**Conceptual Framework**



## 2.6 Operationalization of Variables

**TABLE 1**

### **Operational Framework**

<b>Variable</b>	<b>Objective</b>	<b>Indicators</b>	<b>Data Analysis</b>
<b>Performance of Revenue Collection in Garissa County</b>	Asses the level of revenue collection performance	Compliance to budgets Timeliness Adequate amount	Descriptive Regression
<b>Revenue source</b>	To establish the influence revenue source on the revenue collection performance of counties in Kenya.	Reliability of revenue source	Descriptive Regression
		Capacity of expected revenue	
		Accessibility	
<b>Strategies of Revenue Collection Administration</b>	To find out the influence of revenue collection administration strategies on the revenue collection performance of counties in Kenya.	Geographical location	Descriptive Regression
		Internal controls, Audit	
		Clarity of revenue collection policies	
		Tax payer awareness	
		Fairness of tax rates	
<b>Information Communications Technology</b>	To find out how information communications technology enhances revenue collection performance of counties in Kenya.	Penalties	Descriptive Regression
		Enforcement	
		Enforcement	
		Hardware and ICT Applications	
		Networking	
<b>Staff Capacity</b>	To find out the influences of staff capacity on revenue collection performance of counties in Kenya.	Operations)	Descriptive Regression
		ICT Security	
		Usability of ICT	
		Accessibility of ICT	
		Qualifications (academic & Professional)	
<b>Staff Capacity</b>	To find out the influences of staff capacity on revenue collection performance of counties in Kenya.	Experience in revenue collection	Descriptive Regression
		Training	
		Adequacy of revenue staff	
		Ability to collect revenue	
		Staff knowledge of revenue collection	

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter discusses the research methodology that was used in the study. The chapter includes the research design, study population, sample design, data collection instrument, and data collection procedures and concludes with data analysis techniques.

#### **3.2 Research Design**

The study used descriptive survey design to describe the effects of staff capacity, ICT, strategies of revenue administration and revenue sources on performance of revenue collection. Descriptive design was suitably used in the formulation of knowledge and solution to existing problems (phenomenon) of performance of revenue collection. It is used when collecting information about people's attitudes, opinions, habits and other possible behavior. Descriptive design was used to obtain information on the performance of revenue collection and answer questions about how and what in the study. The descriptive survey is used to answer who, what, when, why and how question.

#### **3.3 Target population**

According to the definitions of target population, the universe is the entire group of persons or elements from which samples are taken (Kombo & Tromp, 2006). The study collected data from Garissa County. The rationale of choosing this county is that it is regarded as among the counties suffering most social challenges (Report Office of controller of budget, 2014). The study considered a target population of 136 officers of Garissa County government, comprising who are 13 county chief officers, 33 head of departments, 60 revenue collection officers and 30 elected members of county as shown in Table 2.

**TABLE 2**  
**Target Population**

<b>Category</b>	<b>Frequency</b>
County Chief Officers	13
Head of departments	33
Elected members of county assembly	30
Revenue Collection Officers	60
<b>Total</b>	<b>136</b>

Source: Garissa County Government (2014)

### **3.4 Sample determination**

Since the target population is accessible and manageable the study used census, where the entire target population participated in the study as respondents.

### **3.5 Data Collection**

The study collected data from primary sources. The study used a structured questionnaire for collecting primary data from the selected respondents. Since it was drop and pick, they were simple structured questionnaires that could easily be filled without the researcher's guidance. The questionnaires were designed and distributed to the respondents at their places of work and the collected later at an agreed upon date.

Before data collection commenced, the researcher sought permission from the various authorities. The researcher obtained an authorization letter from KCA University to proceed with data collection. The researcher also sought authority to collect data from the various ministries of Garissa County where respondents came from. The ministries made arrangements with the researcher on how the data would be collected. A cover letter from the researcher was attached to

each questionnaire, to state the purpose of the research, encourage participation, assure the respondents of confidentiality and thank them for their cooperation.

### 3.6 Data Analysis

After collecting the questionnaires from the respondents, they were checked for completeness and only the ones completely and properly filled were considered for analysis. The checking was done to ensure the data collected was accurate, consistent with the facts gathered, uniformly completed and well arranged to facilitate coding and tabulation. A manual screening of the received questionnaires was done to check for completeness and exclude incomplete ones before further analysis.

During data analysis, the results were classified, measured, analyzed and interpreted to establish how they affect revenue collection in Garissa County. The analysis was based on the study objectives using descriptive statistics to provide a convenient way to produce the most useful statistics.

Thereafter, regression was carried out to estimate a model to explain performance of revenue collection in terms of revenue sources, strategies of revenue collection administration, information communications technology, and staff capacity. The regression was based on 5% level of significance and study used multiple regression analysis to establish the nature of the relationship based on the model;

$$PRC = \beta_0 + \beta_1RS + \beta_2SA + \beta_3IT + \beta_4SC + \varepsilon \dots\dots\dots(i)$$

Where:

$\beta_0$  = is a constant, which is the value of dependent variable when all the independent variables are 0

$\beta_1 - \beta_4$  = Regression coefficients of independent variables or change induced by RS, SA, IT and SC

$\varepsilon$  = Error of prediction

PRC = Performance of Revenue Collection

RS = Revenue sources

SA = Strategies of Revenue Collection Administration

IT = Information Communications Technology, and

SC = Staff capacity

A mean was obtained for each study variable (by combining the indicators) to obtain the respective variables (Performance of Revenue Collection) and independent variables (revenue sources, strategies of revenue collection administration, information communications technology, and staff capacity). The means were then regressed to estimate the study model. Data analysis was done using Statistical Package for Social Scientists (SPSS).

### **3.7 Ethical Issues**

The study ensured that the research was done in an ethical manner. First the researcher sought an authorization letter from KCA University to allow him to conduct the study. The study ensured confidentiality and security of data gathered from the respondents. In this regard, all the data collected was kept in safe custody. The respondents were not required to write their names on the questionnaire to avoid exposing their identity. A letter requesting the respondents to participate in the study was addressed to them. This was a show of courtesy to the respondents as well as a mechanism of ensuring informed consent to participate in the study.

## CHAPTER FOUR

### FINDINGS AND DISCUSSION

#### 4.1 Introduction

This chapter contains an analysis, presentation and interpretation of the results obtained from the collected data. These results obtained from the analysis were presented using tables and figures as necessary for ease of understanding. Further, the results were interpreted using a narrative underneath the pictorial representation. The analyzing was mainly based on the research objectives. Descriptive statistics were used to present analysis of quantitative data emanating from closed ended questions. Qualitative data from open ended questions was analyzed using content analysis. Discussions on the research findings were also provided based on the research objectives and with reference to literature reviewed earlier.

#### 4.2 Response Rate

The study first collected 121 questionnaires from the respondents. From the questionnaires collected, one was found to be blank and was therefore discarded. The data was then entered into SPSS version 20.0, analyzed and results recorded shown in Table 3.

**TABLE 3**  
**Total Response Rate**

<b>Category</b>	<b>Sample Size</b>	<b>Response</b>	<b>Percent Response</b>
County Chief Officers	13	11	<b>84.62</b>
Director of departments	33	31	<b>93.94</b>
Elected members of county assembly	30	22	<b>73.33</b>
Revenue Collection Officers	60	56	<b>93.33</b>
Total	136	120	<b>88.24</b>

The study checked the data for completeness and only the ones completely and properly filled questionnaires were considered for analysis. The study found that three (3) questionnaires were incomplete and inconsistent. The data for these questionnaires was deleted from the database. The correctly and completely filled questionnaires were as presented in Table 4.

**TABLE 4**  
**Response by Data Sources**

<b>Position held in the Ministry</b>	<b>Sample Size</b>	<b>Response</b>	<b>Response Rate</b>
County Chief Officers	13	8	<b>61.54</b>
Director of departments	33	31	<b>93.94</b>
Elected members of county assembly	30	22	<b>73.33</b>
Revenue Collection Officers	60	56	<b>93.33</b>
<b>Total</b>	<b>136</b>	<b>117</b>	<b>86.03</b>

The results in Table 4 above indicate that the response rate was 86.03%. According to Mugenda and Mugenda (2003), a study response rate above 69% is high and very good. This indicates that the study response rate was adequate. Mugenda and Mugenda (2003) indicate that such a high response would yield favourable results, which means going by this, the results from the present study would be favourable and accurate. Specifically, the directors of departments had the highest response rate of 93.94%, followed closely by revenue collection officers with a response rate of 93.33%. The response rate of the elected members of county assembly was 73.33% and the lowest was county chief officers whose response rate was 61.54%

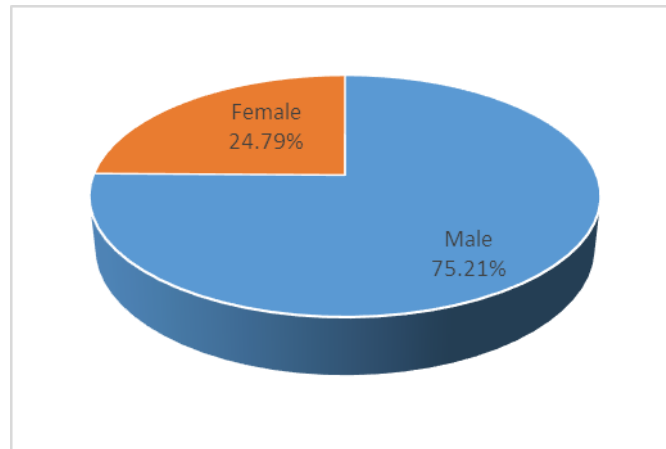
### **4.3 Respondents' Demographics**

First, the study sought to establish the gender, age and the length of time they had been in their current employment. The results obtained on respondents' gender were then captured in figure 2.



**FIGURE 2**

**Analysis by Respondents Gender**

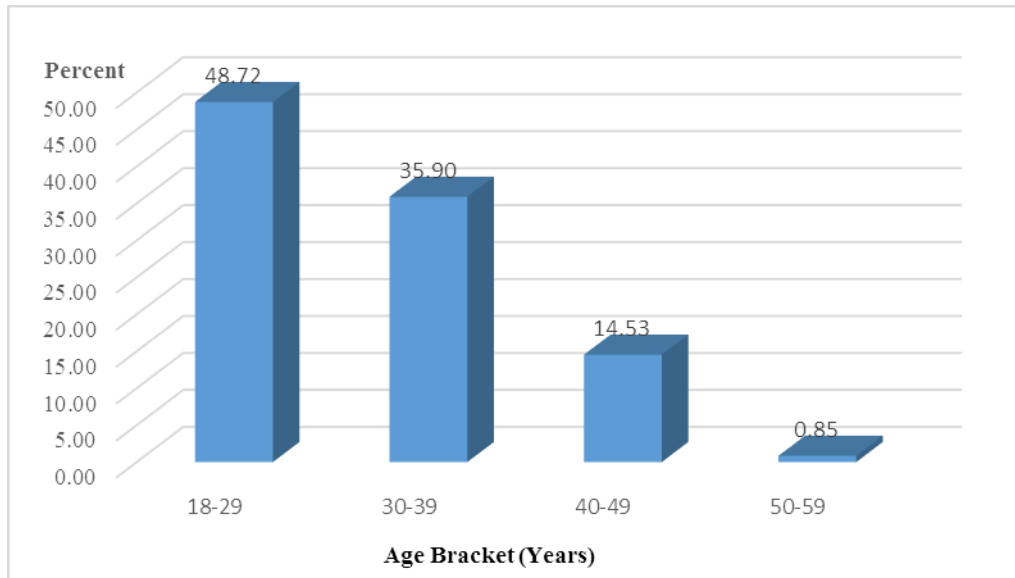


Results in Figure 2 shows that 79.21% of the respondents, who were the majority, were male and the remaining 24.79% were female. This was an indication that most of the respondents were male. The female officers were the minority. However, from the results, it was not clear the cause of the wide difference between the number of male officers and their female counterparts. In fact, the number of male officers exceeded two thirds of the total number of respondents as the females were less than a third of the total number of respondents. This showed a lack of diversity and gender balance as expressed in the constitution of Kenya (Republic of Kenya [RoK], 2010). It is possible to conclude that there is no gender diversity in the employment of finance officers, director of department and elected members of county assembly.

Further, the results on age were recorded in Figure 3.

**FIGURE 3**

**Analysis by Respondents' Age**



Results in Figure 3 above reveal that the respondents indicated that they were of different age groups. Most of the respondents (48.72%) showed that they were between 18 and 29 years while 35.90% indicated that they were between 30 and 39 years. Moreover, 14.53% showed that they were between 40 and 49 years and 0.858% showed that they were over 49 years. The results indicated that most of the respondents were young with their number decreasing as the age increase.

#### **4.4 Descriptive Statistics**

The study analyzed the data collected using descriptive statistics to describe the study variables, which helped to establish the effects of the independent on the dependent variable, based on the study objectives and was based on the results obtained using the questionnaire. Since the questions in the questionnaire were based on a 5 point Likert Scale, the study obtained a mean of the results for each indicator and variable.

#### 4.4.1 Evaluation of revenue collection performance

The study first evaluated the status of revenue collection performance in the county according to the answers provided by the respondents. The study first obtained means of the indicators, which were then used to obtain the overall mean of revenue collection performance. The evaluation of the revenue collection performance used the statistics; 0 – 0.8 for Strongly Disagree; above 0.8 – 1.6 for Disagree; above 1.6 – 2.4 for Neutral; above 2.4 – 3.2 for Agree; and above 3.2 – 4.0 for Strongly Agree. The results obtained were recorded in Table 5.

**TABLE 5**  
**Revenue Collection Performance**

<b>Revenue Collection Performance Indicator</b>	<b>Mean</b>	<b>Std. Dev.</b>
Our revenue collection has always been complying with the budget estimates	1.49	1.14
The revenue collection exceeds the budget estimates in the county	0.94	0.99
The revenue collection does not reach the budget estimates in the county	1.67	1.2
The revenue is always collected in time in the county	1.83	1.26
The county always collects the correct amount from the revenue sources	1.43	1.14
The county maintains the correct records for revenue collection	2.17	1.29
<b>Overall Revenue Collection Performance</b>	<b>1.59</b>	<b>1.17</b>

The results in Table 5 above showed that overall revenue collection performance was low (Mean = 1.59, Std. Dev. 1.17), showing that it was low. Therefore the respondents indicated that revenue collection performance was low. Further results indicated that revenue collection was lowly complying with budget estimates (Mean = 1.49, Std. Dev. 1.14). The respondents disagreed with the proposition that revenue collection exceeded the budget estimates in the county (Mean = 0.94, Std. Dev. 0.99). This showed that revenue collection did not exceed the budget estimates. They were also neutral on the statement that revenue collection did not reach the budget estimates in the county (Mean = 1.67, Std. Dev. 1.20).

The respondents were also neutral on the statement that the revenue was always collected in time in the county (Mean = 1.83, Std. Dev. 1.26). This was an indication that the revenue was sometimes collected on time and other times it was not collected in time. Moreover, respondents disagreed with the statement that the county always collects the correct amount from the revenue sources (Mean = 1.43, Std. Dev. 1.14). This indicated that the county was not always collecting the correct amount from the revenue sources. The respondents also showed neutrality on the proposition that the county maintains the correct records for revenue collection (Mean = 2.17, Std. Dev. 1.29). This meant that the county lacked the capacity to maintain the correct records for revenue collection in all areas.

From these results, the study found that the performance of revenue collection performance was moderate as portrayed by its indicators. The findings concur with the study by Ngotho and Kerongo (2014) that showed that revenue collection compliance levels were factors that mainly affected revenue collection, which was the case with the findings in the present study. The study findings indicate that there was no sound revenue system for county governments (Olowu & Wunsch, 2003) which would affect empowering grassroots socio-economic development (Ziria, 2008) and would not guarantee sustainability of service delivery.

The studies by Olowu and Wunsch (2003) and Ziria (2008) showed the importance of high revenue collection at the county government. The study findings should learn for Lutfunnahar (2007) that a government with low revenue collection would not utilize the full capacity of tax revenue and therefore lacks the potential for financing budgetary imbalance through raising tax revenue. Mwakalobo's (2009) study established that when the government lacks adequate revenue collection, the public spending is drastically affected.

As the government revenue declines and revenue collection would be inadequate, service delivery and development retarded drastically (Chaudhry & Munir, 2010; Muriithi, 2013). The results suggest that boosting the openness, money supply and political stability, there is a potential to raise the level of taxation. The public choice theory suggests that the high revenue collection performance is necessary to sufficiently support service delivery, socio-economic growth and development at the grassroots level (Muriisa, 2008; Namoit, 2012).

#### **4.4.2 Revenue source and revenue collection performance**

In assessing objective 1, the study sought to establish the influence of revenue sources on the revenue collection performance of Garissa County in Kenya.

**Assessment of the influence of revenue sources on revenue collection performance.** The study started with assessing the influence of revenue sources on the revenue collection performance. The data was analyzed based on the statistics; 0 – 0.8 for not at all; above 0.8 – 1.6 for Low; above 1.6 – 2.4 for Moderate; above 2.4 – 3.2 for High; and above 3.2 – 4.0 for Very High. Results are in Table 6.

**TABLE 6**  
**Influence of Revenue Source on Revenue Collection**

<b>Revenue Source Indicator</b>	<b>Mean</b>	<b>Std. Dev.</b>
Reliability revenue source to remit all expected revenue from that source	2.48	1.23
The ability of all revenue sources to generate expected revenue	2.52	1.33
Accessibility of the revenue sources (possibility of gaining access to it)	2.71	1.32
Geographical location of the revenue payer from the office	2.62	1.14
Form of revenue source	2.49	1.29
<b>Overall Influence of Revenue Source</b>	<b>2.56</b>	<b>1.26</b>

On analyzing the influence of indicators of revenue source on the revenue collection performance, the study found that respondents indicated that the effect of reliability of revenue

sources to remit all expected revenue on revenue collection performance was high (Mean = 2.48, Std. Dev. 1.23). The respondents showed that the effect of capacity of all revenue sources to generate expected revenue on revenue performance was high (Mean = 2.52, Std. Dev. 1.33). Further, the study established a high effect of accessibility of the revenue sources on revenue collection (Mean = 2.71, Std. Dev. 1.32). Geographical location of the revenue payers from the office had a high effect on revenue collection performance (Mean = 2.62, Std. Dev. 1.1.4). Form of revenue sources was also shown to highly influence revenue collection performance (Mean = 2.49, Std. Dev. 1.29). The results in Table 5 further revealed that that revenue sources highly influenced revenue collection performance (Mean = 2.56, Std. Dev. 1.26).

The study found that all the indicators of revenue source highly influencing the revenue collection performance in the county. The findings confirmed the study by Arye (2003) that low revenue collection resulted from poor access to the revenue base. The study by Arye (2003) revealed that low revenue collection was influenced by poor revenue collection capacity and poor access to the revenue base, as well the reliability of the revenue sources. The same was revealed by Adedokun's (2007) study that reliability of revenue sources affected the revenue collection performance.

***Status of revenue sources in Garissa County.*** The study assessed the status of various revenue sources in Garissa County, with respect to budget estimated and the results obtained were captured in Table 5. The assessment used the statistics; 0 – 0.8 for strongly disagree; above 0.8 – 1.6 for disagree; above 1.6 – 2.4 for neutral; above 2.4 – 3.2 for agree; and above 3.2 – 4.0 for strongly agree.

**TABLE 7**  
**Performance of Revenue Sources in Garissa County**

<b>Revenue Source Indicators</b>	<b>Mean</b>	<b>Std. Dev.</b>
Our county has reliable revenue sources	1.74	1.28
There are adequate sources to generate revenue to comply with budget estimates	1.55	1.14
All the revenue payers in the county are accessible	1.49	1.2
The geographical locations of payers are well distributed to reach them	1.66	1.36
The major revenue sources produce expected revenue as per the budget estimates	1.53	1.21
All forms of revenue sources generate the expected revenue as per budget estimates	1.46	1.18
<b>Overall Revenue Source Status</b>	<b>1.57</b>	<b>1.23</b>

The respondents showed that they were neutral on the statement that the county had reliable revenue sources (Mean = 1.74, Std. Dev. 1.28). It was also shown that they indicated that they disagreed to the proposition that the county had adequate sources to generate revenue to comply with budget estimates (Mean = 1.55, Std. Dev. 1.14). So, the revenue sources did not adequately generate enough revenue to comply with budget estimates. From the results, the respondents also disagreed (Mean = 1.49, Std. Dev. 1.20) on the statement that “All the revenue payers in the county are accessible”. This showed that some of the revenue payers in the county were not accessible. The respondents indicated that they were neutral on the statement that “The geographical locations of payers are well distributed for collectors to reach them (Mean = 1.66, Std. Dev. 1.36). This might mean that there was no definite distribution in regard to geographical locations of payers for collectors to reach them, hence some revenue sources were accessible and others might not have been accessible.

The respondents showed that major revenue sources lowly (Mean = 1.53, Std. Dev. 1.21) produced expected revenue as per the budget estimates. The major revenue sources did not produce expected revenue as per the budget estimates. It was shown that respondents disagreed

with the proposition that all forms of revenue sources generated the expected revenue as per the budget estimates (Mean = 1.46, Std. Dev. 1.18). The results in Table 7 showed that revenue source was lowly regarded (Mean = 1.57, Std. Dev. 1.23).

The study then sought to establish the reliability of the available sources of revenue in Garissa County. First the study assessed the reliability between unreliable and highly reliable using the statistics; 1 – 1.8 for not at all; Above 1.8 – 2.6 for Low; Above 2.6 – 3.4 for Moderate; Above 3.4 – 4.2 for High; and Above 4.2 – 5.0 for Very High.

**TABLE 8**  
**Rating of Revenue Source Reliability in Garissa County**

<b>Revenue Source</b>	<b>Unreliable (%)</b>	<b>Low (%)</b>	<b>Moderate (%)</b>	<b>High (%)</b>	<b>Very high (%)</b>	<b>Mean</b>
Building plan approval fees	6.80	10.30	24.80	35.90	22.20	2.56
Application for plots	23.90	29.90	22.20	14.50	9.40	1.56
Boda boda charges	30.80	30.80	17.90	17.90	2.60	1.31
Business permit and licenses	0.90	4.30	7.70	33.30	53.80	3.35
Bus park/motorbikes charges	23.90	31.60	19.70	20.50	4.30	1.50
Cess	5.10	14.50	17.10	32.50	30.80	2.69
Parking charges	56.40	17.10	16.20	10.30	0.00	0.80
Water charges revenue	29.10	25.60	17.90	22.20	5.10	1.49
Land rent	8.50	20.50	20.50	30.80	19.70	2.32
Others (specify)	50.00	34.40	6.30	6.30	3.10	0.78

From the results in Table 8, the respondents indicated that almost all revenue sources were reliable where building plan approval fees was highly reliable (high with 35.90%), application for plots, (low with 29.90%), boda boda charges (low with 30.80%), business permit and licenses (very high with 53.80%), bus park/motorbikes charges (low with 31.60%), cess (high with 32.50%), water charges revenue (unreliable with 29.10%), and land rent (high with



30.80%). Parking charges were moderately reliable with 35.80%). However, other sources of revenue, which were not specified, were unreliable (50.00%).

The study by Jepkemboi (2008) indicates that the poor tax performance in governments raising enough revenue collection is due to reliability of tax sources, which cause deficiencies in revenue collection. The sources of financing government are user fees and charges, property revenue, revenue from persons in gainful employment. The present study by shows that reliability of the revenue source cited by Jepkemboi (2008) greatly influenced the revenue collection performance. The major sources of local revenue for county government in Kenya include; parking fees, market dues, land fees, trading licenses, inspection and plan fees, registration fees, water revenue, taxes on specific services, local service tax (LST) , local hotel tax (LHT), operational permits and many others (Andrew Patton, 2008; Mutakha, 2011; Mwangi, 2010).

The diversification of revenue sources is very important for economic development (Abiola & Asiweh, 2012). Balunywa *et al.* (2014) recommends that local governments should diversity their tax revenues. The revenue collected is used to propel investment, economic growth and development (Olatunji, 2009) and service delivery at the grassroots (Namoit, 2012). The results suggest that boosting the openness, money supply and political stability, there is a potential to raise the level of taxation. Okech and Mburu (2011) study indicates that a large percentage of tax revenue comes from discretionary tax policy and not from pure responsiveness of tax revenue to changes in national income.

The study further evaluated the contribution of various revenue sources between none and very high using the statistics; 0 – 0.8 for not at all; Above 0.8 – 1.6 for Low; Above 1.6 – 2.4 for Moderate; Above 2.4 – 3.2 for High; and Above 3.2 – 4.0 for Very High.

**TABLE 9**  
**Contribution of Revenue Source in Garissa County**

<b>Contribution of Revenue Source</b>	<b>None (%)</b>	<b>Low (%)</b>	<b>Moderate (%)</b>	<b>High (%)</b>	<b>Very High (%)</b>	<b>Mean</b>
Building plan approval fees	24.80	5.10	27.40	28.20	14.50	2.03
Application for plots	34.20	11.10	23.90	22.20	8.50	1.60
Boda boda charges	37.60	17.10	17.90	25.60	1.70	1.37
Business permit and licenses	16.20	6.00	11.10	23.90	42.70	2.71
Bus park/motorbikes charges	38.50	12.00	20.50	20.50	8.50	1.49
Cess	12.00	13.70	12.80	33.30	28.20	2.52
Parking charges	64.10	17.10	12.00	6.80	0.00	0.62
Water charges revenue	35.00	9.40	19.70	13.70	22.20	1.79
Land rent	14.50	29.90	15.40	19.70	20.50	2.02
Others (specify)	85.30	8.80	0.00	5.90	0.00	0.26

Finally, the study sought to find out the contribution of various revenue sources between none and very high using the statistics; 0 to 0.8 for none; above 0.8 to 1.6 for low; above 1.6 to 2.4 for moderate; above 2.4 to 3.2 for high; and above 3.2 to 4.0 for very high.

Most of the revenue sources, except business permit and cess, contributed lowly or moderately to the revenue collection. It was show that source that contributed highly include; business permit and licenses (Mean = 2.71) and cess (Mean = 2.52). Those that contributed moderately include; building plan approval fees (Mean = 2.03) and land rent (Mean = 2.32). The application for plots, (Mean = 1.56), boda boda charges (Mean = 1.31), bus park/motorbikes charges (Mean = 1.50) and water charges revenue (Mean = 1.79) contribute lowly. Those that did not contribute any considerable revenue included parking charges (Mean = 0.62) and other sources, not specified (Mean = 0.26)

#### **4.4.3 Revenue collection administration and revenue collection performance**

The study assessed the second objective which was to establish the influence of strategies of revenue collection administration on the revenue collection performance of County governments in Kenya. First, the study sought to establish the influence of strategies of revenue collection administration on the revenue collection performance and the obtained information on performance of strategies of revenue collection administration.

***Influence of revenue collection administration on revenue collection performance.*** The study sought to establish the influence of strategies of revenue collection administration on the revenue collection performance in Kenya, in its effort to assess the second objective. The study used the statistics; 0 – 0.8 for not at all; Above 0.8 – 1.6 for Low; Above 1.6 – 2.4 for Moderate; Above 2.4 – 3.2 for High; and Above 3.2 – 4.0 for Very High. The results obtained were captured in Table 10.

**TABLE 10**  
**Influence of Strategies of Revenue Collection Administration**

<b>Strategies of Revenue Collection Administration Indicator</b>	<b>Mean</b>	<b>Std. Dev.</b>
Internal controls used to ensure that total tax is correctly collected and recorded	2.48	1.31
Audit to ascertain the correctness of collection and any shortcoming in collection	2.43	1.16
Clarity of revenue collection policies	2.49	1.33
Tax payer awareness on the need for paying tax	2.34	1.30
Fairness of tax rates to ensure allocation of tax to respective revenue payers	2.39	1.30
Ensuring penalties are paid	2.42	1.43
Procedures used of enforcement of tax payment	2.40	1.38
<b>Strategies of Revenue Collection Administration Influence</b>	<b>2.41</b>	<b>1.32</b>

The results on influence of revenue collection administration in Table 10 showed that the respondents indicated that internal controls used highly ensure that total tax is correctly collected and recorded (mean 2.48, Std Dev. = 1.31). Audit to ascertain the correctness of collection and

any shortcoming in collection was shown to highly influence the revenue collection performance (Mean = 2.43, Std Dev. = 1.16). Clarity of revenue collection policies was shown to highly influence the revenue collection performance (mean 2.49, Std Dev. = 1.33). Moreover, the respondents indicated that tax payer awareness on the need for paying tax moderately influence the revenue collection performance (mean 2.34, Std Dev. = 1.30). Further, it was shown that fairness of tax rates to ensure allocation of tax to respective revenue payers moderately influence the revenue collection performance (mean 2.39, Std Dev. = 1.30) while ensuring penalties are paid was shown to highly influence the revenue collection performance (mean 2.42, Std Dev. = 1.43). Procedures used for enforcement of tax payments were shown to moderately influence the revenue collection performance (mean 2.40, Std Dev. = 1.38). In general, the respondents indicated that strategies of revenue collection administration highly influenced the revenue collection performance (mean 2.41, Std Dev. = 1.38).

***Status of revenue collection administration in Garissa County.*** Further, the study sought to establish the status of strategies of revenue collection administration in Garissa County, depending on its performance, and the results obtained were as captured in Table 12. The statistics; 0 – 0.8 for Strongly Disagree; Above 0.8 – 1.6 for Disagree; Above 1.6 – 2.4 for Neutral; Above 2.4 – 3.2 for Agree; and Above 3.2 – 4.0 for Strongly Agree were used in analysis.

**TABLE 11****Status of strategies of revenue collection administration in Garissa County**

<b>Revenue collection administration</b>	<b>Mean</b>	<b>Std. Dev.</b>
There are sufficient internal controls to support all the revenue collection processes	1.35	1.18
There are frequent and effective audits on revenue collection process	1.32	1.11
Revenue collection policies are very straight forward and clear and effective	1.28	1.20
There are frequent payer awareness campaigns to sensitize the tax payers tax payment	1.22	1.12
The county financial legislation ensures fairness of revenue collection	2.12	1.30
The county ensure that penalties charged are always in full and promptly	1.10	1.15
Enforcement tools used are efficient and reduce the costs of administering	1.38	1.20
<b>Revenue collection administration Performance</b>	<b>1.40</b>	<b>1.18</b>

The results in Table 11 show that the respondents indicating the status of revenue collection administration performance was low (Mean = 1.40, Std. Dev. 1.18). The respondents also disagreed with the statement that “There are internal controls to support all the revenue collection processes” (Mean = 1.35, Std. Dev. 1.18). They indicated that there no were frequent and effective audits on revenue collection process. According to the results, none of revenue collection policies used were straight forward and clear and effective (Mean = 1.28, Std. Dev. 1.20). The results showed that there were no frequent tax payer awareness campaigns to sensitize the tax payers on the need to pay tax promptly (Mean = 1.22, Std. Dev. 1.12). Further, the respondents indicated that county financial legislation partly ensured fairness of revenue collection (Mean = 2.12, Std. Dev. 1.30). The results showed that the penalties charged for failure to pay tax on time not always paid in full and they were not always promptly (Mean = 1.10, Std. Dev. 1.15). Enforcement tools used were shown to be partially efficient and partially would reduce the costs of administering and collection of tax (Mean = 1.38, Std. Dev. 1.20).

The results confirm the uncertainty models that explain that revenue collection compliance is influenced by the payers' knowledge of the requirement for revenue collection obligations (Lawsky, 2011). This is done through creating awareness and understanding of the tax responsibility, which lies with the revenue collection authority, and through application of effective revenue collection systems. The revenue collection authority should ensure clarity; goodwill and easier understanding of revenue obligation in order to enhance high revenue collection compliance, complying expected revenue collection (Jordi & Judith, 2005) which would comply with the budgets. Owolabi (2011) study recommends for establishment of administration policies to enhance improved revenue collection performance by county government. These findings agree to Segal and Sen (2011) study that established that efficient and effective management of revenue collection depends greatly on administrative framework.

These findings also agree to the study by Arye (2003) low revenue collection results from poor revenue collection administrative capacity and lack of effective enforcement of the revenue collection (Adedokun, 2007). The findings also indicated fiscal decentralization help to improved revenue performance, enabled better planning for revenue collection and also that fiscal decentralization reduced cases of tax evasion, enabled the local unit to get more sources of revenue and that it made it easy to handle taxation disputes. Agyapong (2012) study point out that a county would sufficiently empowering itself through revenues collection through new and sustainable strategies to improve its performance in revenue collection. Ndyamuhaki (2013) study findings show that the revenue collection performance is constraints by; administrative inefficiencies, lack of general sensitization, and absence of enough relevant information about taxes.

#### ***4.4.4 Information communications technology and revenue collection performance***

The third objective was to establish the influence of information communications technology in enhancing revenue collection performance of County governments in Kenya. In assessing this objective, the study first assessed the influence of ICT on revenue collection performance and then assessed the status of information communications technology in Garissa County.

***Influence of ICT on revenue collection performance.*** In its efforts to assess the influence of information communications technology in enhancing revenue collection performance in Garissa County in Kenya, the study applied mean scores and standard deviation. The study used the statistics; 0 – 0.8 for not at all; Above 0.8 – 1.6 for Low; Above 1.6 – 2.4 for Moderate; Above 2.4 – 3.2 for High; and Above 3.2 – 4.0 for Very High. The results are shown in Table 12.

**TABLE 12**

**Influence of ICT on Revenue Collection Performance**

<b>Information Communications Technology Indicator</b>	<b>Mean</b>	<b>Std. Dev.</b>
The effectiveness and efficiency of ICT device	2.27	1.39
ICT Applications used to process and transmit revenue data and information	2.38	1.41
The speed and effectiveness networking system used to transmit revenue data	2.31	1.44
Effectiveness of operations in revenue processing and transmission	2.36	1.38
ICT Security to protect revenue data against corruption, unauthorized access etc	2.38	1.51
Ease of the use of the ICT system by revenue staff (Usability of ICT)	2.08	1.25
Access to the ICT facilities by revenue staff (Accessibility of ICT)	2.18	1.26
<b>Influence of Information Communications Technology</b>	<b>2.28</b>	<b>1.37</b>

The results on influence of information communications technology in Table 12 showed that in general, the respondents had indicated that ICT would moderately influence revenue collection performance (Mean 2.28, Std Dev. = 1.37). All the indicators of ICT were shown to moderately influence revenue collection performance; the effectiveness and efficiency of ICT device (mean 2.27, Std Dev. = 1.39), ICT applications used to process and transmit revenue data

and information (mean 2.38, std dev. = 1.41), the speed and effectiveness networking system used to transmit revenue data (mean 2.31, std dev. = 1.44), and the speed and effectiveness networking system used to transmit revenue data (mean 2.36, Std Dev. = 1.38). The other indicators; ICT security to protect revenue data against corruption and unauthorized access (mean 2.38, Std Dev. = 1.387), ease of the use of the ICT system by revenue staff (Usability of ICT) (mean 2.08, Std Dev. = 1.25), and access to the ICT facilities by revenue staff (Accessibility of ICT) (mean 2.18, Std Dev. = 1.26) were also shown to moderately influence revenue collection performance.

Otieno *et al.*'s (2013) study found that there is a relationship between ICT systems and both efficiency and effectiveness in revenue collection, there is a strong positive relationship between Internal Control Systems and revenue collection, and that resistance to change by the council staff was derailing the full implementation of ICT.

**Status of ICT in Garissa County.** The status of influence of ICT in Garissa County was then evaluated using the statistics 1 – 1.8 for Strongly Disagree; Above 1.8 – 2.6 for Disagree; Above 2.6 – 3.4 for Neutral; Above 3.4 – 4.2 for Agree; and Above 4.2 – 5.0 for Strongly Agree.

**TABLE 13**  
**Status of ICT in Garissa County**

<b>Information Communications Technology Indicator</b>	<b>Mean</b>	<b>Std. Dev.</b>
Our county has very effective and efficiency of ICT system for revenue collection	0.62	0.90
The ICT Applications used to process revenue data are very efficient	0.69	1.04
The networking system used is fast and is always in working conditions	0.65	0.99
Operations system in revenue section are very clear and produce correct results	0.68	1.04
ICT Security measures used to protect revenue data are very effective	0.53	1.00
ICT system used by revenue staff are easy and user friendly (Usability of ICT)	0.61	1.03
The revenue staff can always access to the ICT facilities as they need to do so	0.97	1.30
<b>Information Communications Technology Status</b>	<b>0.69</b>	<b>1.07</b>

Source: Research Data (2015)



The respondents indicated that status of all indicators of ICT was not recognizable except for effective and efficiency of ICT system for revenue collection. In fact the respondents show that most of the indicators did not contribute at all towards revenue collection. These included the effectiveness and efficiency of ICT devices (mean 0.62 Std Dev. = 0.90), ICT Applications used to process revenue data were very inefficient (mean 0.69, std dev. = 1.04), networking system used was not fast and was not in working conditions (mean 0.65, std dev. = 0.99), and the operations system in revenue section were not clear at all and did not produce any results (mean 0.68, Std Dev. = 1.04). further, the study noted that ICT Security measures used to protect revenue data were not effective (mean 0.53, Std Dev. = 1.00), there was not ease of the use of the ICT system by revenue staff (Usability of ICT) (mean 0.61, Std Dev. = 1.03), and the revenue staff in the county did not always have access to the ICT facilities (accessibility of ICT) as they need to (mean 0.91, Std Dev. = 1.30). The results on status of ICT in Garissa in Table 14 showed that in general, the respondents had indicated that ICT status was not felt at all (mean 0.69, Std Dev. = 1.07).

These findings are in confirmation of Segal and Sen (2011) study which revealed that the technological knowledge was a challenge to revenue collection in the government. This coupled with inadequacy of facilities for the use of technology, lack of knowledge and skills on the use of ICT in the collection of revenue among the revenue collection staff, inadequate of ICT infrastructure in the county and the incorporation of the non-automated system of revenue collection. The study concluded that the use of technology, integrity, and revenue collection staff are challenge to the collection of revenue in the government.

#### **4.4.5 Influence of staff capacity on revenue collection performance**

The fourth objective was to establish the influence of staff capacity on revenue collection performance of County governments in Kenya. As regards this objective, the study first established the influence of staff capacity on revenue collection performance county governments of Kenya and later assessed the status of staff capacity in Garissa County.

***Influence of staff capacity on revenue collection performance.*** First the study sought to establish the influence of staff capacity on revenue collection performance in county governments of Kenya. This was assessed based on the statistics; 0 – 0.8 for not at all; Above 0.8 – 1.6 for Low; Above 1.6 – 2.4 for Moderate; Above 2.4 – 3.2 for High; and Above 3.2 – 4.0 for Very High. The results are in Table 14.

**TABLE 14**

#### **Influence of Staff Capacity**

<b>Staff Capacity Indicator</b>	<b>Mean</b>	<b>Std. Dev.</b>
Highest academic qualifications attained by the revenue staff	2.31	1.17
Highest professional qualifications attained by the revenue staff	2.37	1.15
Experience the revenue staff in revenue collection	2.69	1.38
Frequency of training provided to the revenue staff on revenue collection	3.30	1.62
Adequacy of staff managing revenue collection	2.56	1.29
Ability to collect revenue	2.69	1.29
Staff knowledge of revenue collection	2.70	1.34
<b>Staff Capacity Influence</b>	<b>2.72</b>	<b>1.34</b>

The results obtained showed that staff capacity highly influenced revenue collection performance (Mean = 2.72, Std. Dev. = 1.34). Most staff capacity measures were established to highly influence revenue collection performance. These included experience of the revenue staff in revenue collection (Mean = 2.69, Std. Dev = 1.38), frequency of training provided to the revenue staff on revenue collection (Mean = 3.30, Std. Dev = 1.62) and adequacy of staff

managing revenue collection (Mean = 2.56, Std. Dev = 1.29). Other measures with high influence on revenue collection performance were ability to collect revenue (Mean = 2.69, Std. Dev = 1.29), and staff knowledge of revenue collection (Mean = 2.70, Std. Dev = 1.34). Only two indicators of staff capacity were shown to moderately influence revenue collection performance which were highest academic qualifications attained by the revenue staff (mean = 2.31, std. dev. = 1.17) and highest professional qualifications attained by the revenue staff (Mean = 2.37, Std. Dev = 1.15).

The Adedokun (2007) study identified the shortage of trained personnel, and lack of capacity to attract and retain personnel as the main factors affecting prudent revenue collection performance, which was confirmed by the findings in the present study. The study by Balunywa *et al.* (2014) found that the revenue collection staff inadequacy and that lack of proper training affected the revenue collection performance. Poor revenue performance in local governments is due to retaining unskilled revenue collection staff. The study by Balunywa *et al.* (2014) also recommends revenue staff training.

Makokha *et al.* (2014) study established that staff competence affects revenue collection maximization potential, since incompetent staffs adversely affect the revenue collection performance. Further, Mugambi and Theuri (2014) established that revenue collection performance increased by enhancing staff capacity building within the county treasury staff, making efforts to deploy the right staff in the revenue collection.

***Status of staff capacity in Garissa County.*** The study also assessed the status of staff capacity, depending on their proficiency, using the statistics; 0 – 0.8 for Strongly Disagree; Above 0.8 – 1.6 for Disagree; Above 1.6 – 2.4 for Neutral; Above 2.4 – 3.2 for Agree; and Above 3.2 – 4.0 for Strongly Agree. The results of performance of staff capacity are captured in Table 15.

**TABLE 15**  
**Status of Staff Capacity**

<b>Staff Capacity Statement</b>	<b>Mean</b>	<b>Std. Dev.</b>
Revenue staff have adequate academic qualifications effective service deliver	2.44	1.27
Staff have required professional qualifications for effective revenue collection	2.35	1.26
All the revenue collection staff have sufficient experience in revenue collection	2.30	1.32
Adequate training in revenue collection is provide to all revenue collection staff	2.22	1.36
There are frequent training programs to revenue collection staff	1.85	1.25
There are adequate revenue collection staff to reach all revenue payers	2.24	1.23
The revenue collection staff have ability to collect all planned revenue	2.34	1.27
All the revenue collection staff have adequate knowledge of revenue collection	2.34	1.29
All our revenue collection staff have proficiency in use of ICT	2.00	1.33
<b>Proficiency of Staff Capacity</b>	<b>2.17</b>	<b>1.29</b>

The respondents agreed that all the revenue staff had adequate academic qualifications to enable them to deliver services effectively (Mean = 2.44, Std. 1.27). They were neutral on all the other statements. They were neutral on the statement county revenue staff have the required professional qualifications to manage revenue collection effectively (Mean = 2.35, Std. 1.26) and All the revenue collection staff in our county have sufficient experience in revenue collection (Mean = 2.30, Std. 1.32). They were also neutral on the statement “Our county provides adequate training in revenue collection all revenue collection staff “(Mean = 2.22, Std. 1.36) and There are frequent training programs (e.g. quarter yearly) provided by our county to revenue collection staff (Mean = 1.85, Std. 1.25).

The respondents were neutral on the statements that “ there are frequent training programs (e.g. quarter yearly) provided by the county to revenue collection staff” (Mean = 2.24, Std. 1.23), “The revenue collection staff have ability to collect all planned revenue “(Mean = 2.34, Std. 1.27), “All the revenue collection staff have adequate knowledge of revenue collection” (Mean = 2.34, Std. 1.29) and “All our revenue collection staff have proficiency in use

of ICT” (Mean = 2.00, Std. 1.33). Overall, proficiency of staff capacity was moderate (Mean = 2.17, Std. 1.29).

Adedokun (2007) study asserts that staff capacity covers competence and the number of staff needed to deliver services to the clients is important. Training and development enables the employees to acquire skills for higher performance thus organizations must use training and development to create skill in their work force that will lead to organizational effectiveness. The study found that there was shortage of well trained and qualified personnel supposed to serve in collection of revenue at the local level and even the few available are not properly trained in efficient budgetary and financial management systems. This is same as the findings in the study by Makokha *et al.* (2014), which established failure to educate, insufficient supervision during revenue collection, and sensitize taxpayers about benefits of paying taxes leads to low local revenue collected.

Improvement of the tax compliance level ensures that the expected revenue is actually collected, which eventually enhances efficient service delivery and development (Olatunji, 2009). The taxing authority should ensure that well-trained and motivated staff are retained to ensure high revenue compliance.

#### **4.5 Correlation Analysis on Independent and Dependent Variables**

The study carried out a correlation analysis on the study variables to establish whether there existed any significant relationship between the dependent variable (revenue collection performance) and the independent variables (revenue source, strategies of revenue administration, information communication technology and staff capacity). The study proposed that revenue collection performance was explained by revenue sources, strategies of revenue administration, information communication technology and staff capacity. It sought to establish

whether there was a statistically significant relationship between revenue collection performance and each of the independent variables used in the study. The data was analyzed using the Pearson’s product moment correlation. The results on Table 16 illustrate these relationships.

**TABLE 16**  
**Correlation Results**

		Revenue collection performance	Revenue Source	Strategies of Revenue Administration	Information Communication Technology	Staff Capacity
Revenue collection performance	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	117				
Revenue Source	Pearson Correlation	.321*	1			
	Sig. (2-tailed)	.014				
	N	117	117			
Strategies of Revenue Administration	Pearson Correlation	.479**	.453**	1		
	Sig. (2-tailed)	.000	.000			
	N	117	117	117		
Information Communication Technology	Pearson Correlation	.304*	.199	.397**	1	
	Sig. (2-tailed)	.021	.140	.002		
	N	117	117	117	117	
Staff Capacity	Pearson Correlation	.377**	.211	.493**	.231	1
	Sig. (2-tailed)	.005	.100	.000	.063	
	N	117	117	117	117	117

\*. Correlation is significant at the 0.05 level (2-tailed).

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

Source: Research Data (2015)

The results of the correlation analysis in Table 16 show that under the Pearson correlation, revenue sources, strategies of revenue administration, information communication technology, staff capacity (the Independent Variables) were related to revenue collection performance. From the results; revenue source ( $r = .321$ ,  $p\text{-value} = .014$ ), strategies of revenue administration ( $r = .479$ ,  $p\text{-value} = .000$ ), information communication technology ( $r = .306$ ,  $p\text{-value} = .021$ ), and staff capacity ( $r = .377$ ,  $p\text{-value} = .005$ ) were significantly related to revenue collection performance.

value = .021) and; staff capacity ( $r = .377$   $p = .005$ ) had significant positive relationships with revenue collection performance.

It was shown that the relationship between each IV and DV was moderate since for each of them the correlation coefficient was greater 0.3. The result show that strategies of revenue administration ( $r = .477$ ) had the highest relationship, followed by staff capacity ( $r = .386$ ), revenue source ( $r = .319$ ), and lastly information communication technology ( $r = .306$ ).

#### **4.6 Regression Analysis**

The study sought to establish whether the independent variables; revenue source, strategies of revenue administration, information communication technology and staff capacity would actually influence the dependent variable (revenue collection performance). The study therefore tested for existence of significant effect between the independent variables and the dependent variable. Multiple regression was conducted to estimate a model that would explain DV in terms IVs. The study used the mean of mean to obtain indices for all the study variables.

##### ***4.6.1 Diagnostic tests on study variables***

The study first tested the variables to establish the existence or absence of some errors and inconsistencies. This was that the study would carry out a model estimate based on accurate data. The main diagnostic tests carried out were the normality test and tests for multicollinearity. The study did not use the error of prediction; as such there was no need to test for heteroscedasticity. In this study, absence or presence of heteroscedasticity did not render estimators (coefficients) biased, inconsistent and insufficient, therefore it was not diagnosed. The study was not based on panel data, which rendered autocorrelation of no consequence.

Autocorrelation underestimates standard errors, biases t-values upwards, and underestimates variance of error terms (thereby exaggerating the R squared).Therefore, the study

didn't focus on the variability of the error term with respect to time, making autocorrelation check not necessary.

The study first tested the data for normality to test for normality of the using Kolmogorov-Smirnov since the sample population above 50. The results obtained are in Table 17.

**TABLE 17**  
**Results of Normality Tests on Study variables**

	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Revenue Collection Performance	0.119	117	.200*	0.937	117	0.171
Revenue Source	0.162	117	.136	0.964	117	0.585
Strategies of Revenue Administration	0.127	117	.200*	0.926	117	0.103
Information Communication Technology	0.144	117	.200*	0.964	117	0.579
Staff Capacity	0.128	117	.200*	0.952	117	0.35

\*. This is a lower bound of the true significance.

a. Lilliefors Significance Correction

Source: Research data (2015)

The results in Table 17 shows that the p-value for; revenue source was 0.585; strategies of revenue administration was 0.103; information communication technology was 0.579; and staff capacity was 0.350. From the results it was found that the p-value for each respective independent variable was greater than 0.05, indicating that the data were normally distributed. Data is normally distributed, when each p-value of the study variables is greater than 0.05.

The study tested existence of multicollinearity in the independent variables to ensure that no variable in the model that was measuring the same relationship as was measured by another



variable or group of variables. Mutlicollinearity exist when Variance Inflation Factor (VIF) is greater than 10 and Tolerance is greater than 1. The results obtained were captured in Table 18.

**TABLE 18**  
**Results of Multicollinearity Tests on Independent variables**

Predictor Variable	Tolerance	Variance Inflation Factor (VIF)
Revenue Source	0.208	4.811
Strategies of Revenue Administration	0.158	6.34
Information Communication Technology	0.129	7.766
Staff Capacity	0.225	4.444

The results in Table 18 shows that the tolerance for; Revenue Source was 0.208; Strategies of Revenue Administration was 0.158; Information Communication Technology was 0.129; and Staff Capacity was 0.225. The tolerance for all predictor variables were greater than 0.1 or 10%, so the study concluded that there were no multi-collinearity among them. So the estimators computed were considered reliable to estimate the model.

Absence or presence of heteroscedasticity did not render estimators (coefficients) biased, inconsistent and insufficient, therefore it wasn't diagnosed. The study didn't focus on the variability of the error term with respect to time, making autocorrelation check not necessary.

**4.6.2 Estimation of the study model**

$$PRC = \beta_0 + \beta_1RS + \beta_2SA + \beta_3IT + \beta_4SC + \varepsilon \dots\dots\dots (ii)$$

Where:

$\beta_0$  = is a constant, which is the value of dependent variable when all the independent variables are 0

$\beta_1 - \beta_4$  = Regression coefficients of independent variables or change induced by RS, SA, IT and SC

$\varepsilon$  = Error of prediction

PRC = Performance of Revenue Collection

RS = Revenue source

SA = Strategies of Revenue Collection Administration

IT = Information Communications Technology, and

SC = Staff capacity

The study first produced Analysis of Variance (ANOVA) and these results are captured in Table 19.

**TABLE 19**  
**ANOVA for Revenue Collection Performance**

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	3.732	3	1.244	6.299	.001
Residual	10.784	113	0.2		
Total	14.516	117			

a. Dependent Variable: Revenue Collection Performance

b. Predictors: (Constant), revenue source, Strategies of Revenue Administration, information communication technology and staff capacity

The study constructed hypothesis based on study objective to test the study model. The main hypothesis was;

*H1a:  $\beta_1 = \beta_2 = \beta_3 = \beta_4 = 0$  (the coefficient of revenue source, strategies of revenue administration, information communication technology and staff capacity are all zero)*

*H1b: At least one  $\beta_i \neq 0$*

H1a is accepted if p-value  $>.05$  (at 5% level of significance). H1b is rejected if p-value  $< .05$  (at 5% level of significance) and H1a is accepted.

Results in Table 19, indicates that p-value = .001. Since p-value  $< .05$  ( $F= 6.299$ , P-value =.001), then the null hypothesis is rejected and the alternative hypothesis accepted. So, at the 5% significance level (i.e  $\alpha =0.05$ , level of significance), there exists enough evidence to conclude that at least one of the predictors; revenue sources, strategies of revenue administration, information communication technology and staff capacity, is useful in predicting the revenue collection performance. Therefore the model is useful in explaining revenue collection performance.

The IVs and DV were then regressed to estimate the study model. The study obtained result shown in Table 20.

**TABLE 20**  
**Results of Regression of Revenue Collection Performance**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	4.294	.634		6.775	.000
Revenue source	.669	.278	.714	2.404	.028
Strategies of Revenue Administration	1.493	.325	1.565	4.588	.000
Information Communication Technology	1.495	.334	1.688	4.473	.000
Staff Capacity	.708	.300	.674	2.359	.031

Various interpretations were also made based on Table 20 results to establish the significance of the independent variables in determining the dependent variable. The study used the following hypotheses to test for revenue source;

*H2a: There is no statistically significant relationship between revenue sources and revenue collection performance*

*H2b: There is a statistically significant relationship between revenue source and revenue collection performance*

From these results,  $T = 2.404$  and  $p\text{-value} = .028$ . Since  $p < .05$  then the null hypothesis is rejected and the alternative hypothesis accepted. At the  $\alpha = 0.05$  level of significance, there exists enough evidence to conclude that the revenue source is not zero and, hence, that revenue source is useful as a predictor of revenue collection performance.

The strategies of revenue administration were tested using the hypotheses;

*H3a: There is no statistically significant relationship Strategies of Revenue Administration and Revenue collection performance*

*H3b: There is a statistically significant relationship Strategies of Revenue Administration and Revenue collection performance*

From these results,  $T = 4.588$  and  $p\text{-value} = .000$ . Since  $p < .05$  then the null hypothesis is rejected and the alternative hypothesis accepted. At the  $\alpha = 0.05$  level of significance, there exists enough evidence to conclude that the strategies of revenue administration is not zero and, hence, that appreciating strategies of revenue administration is useful as a predictor of revenue collection performance.

Information communication technology was tested using the hypotheses;

*H4a: There is no statistically significant relationship information communication technology and revenue collection performance*

*H4b: There is a statistically significant relationship information communication technology and revenue collection performance*

From these results,  $T = 4.473$  and  $p\text{-value} = .000$ . Since  $p < .05$  then the null hypothesis is rejected and the alternative hypothesis accepted. At the  $\alpha = 0.05$  level of significance, there exists enough evidence to conclude that the information communication technology is not zero and, hence, that information communication technology is useful as a predictor of Revenue collection performance.

Lastly, staff capacity was tested using the hypotheses;

*H5a: There is no statistically significant relationship staff capacity and revenue collection performance*

*H5b: There is a statistically significant relationship staff capacity and revenue collection performance*

From these results,  $T = 2.359$  and  $p\text{-value} = .031$ . Since  $p < .05$  then the null hypothesis is rejected and the alternative hypothesis accepted. At the  $\alpha = 0.05$  level of significance, there exists enough evidence to conclude that the staff capacity is not zero and, hence, that staff capacity is useful as a predictor of revenue collection performance.

The estimated equation is  $PRC = 4.294 + .669RS + 1.493SA + 1.495IT + 0.708SC$  as shown in Table 20. The table shows that revenue source, strategies of revenue administration, information communication technology and staff capacity had positive coefficients, which showed that they were directly proportional to revenue collection performance. This means that

an increase in any of; revenue source, Strategies of Revenue Administration, information communication technology or staff capacity led to improvement of revenue collection performance and vice versa.

**TABLE 21**

**Model Summary for Revenue Collection Performance**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.534 <sup>a</sup>	.285	.231	.44251

a. Predictors: (Constant), revenue source, strategies of revenue administration, information communication technology and staff capacity

Table 21 shows the coefficient of determination was .231, an indication that 23.10% of variation in revenue collection performance in Kenyan county Governments is explained by revenue source, strategies of revenue administration, information communication technology and staff capacity. Therefore, all the variable; revenue source, strategies of revenue administration, information communication technology and staff capacity are strong determinants of revenue collection performance in Kenyan county governments. In conclusion, the inferential statistics showed that the dependent variable, revenue collection performance in Kenyan county governments was explained by revenue source, strategies of revenue administration, information communication technology and staff capacity.

**TABLE 22**

**Summary of Inferential Results Related Objectives**

<b>Objective</b>	<b>Result</b>
<b>Objective 1</b> To establish the influence of revenue source on the revenue collection performance of County governments in Kenya.	p=0.028 which is less than 0.05.
<b>Objective 2</b> To establish the influence of strategies of revenue collection administration on the revenue collection performance of County governments in Kenya.	p=.000 which is less than 0.05
<b>Objective 3</b> To establish the influence of information communications technology in enhancing revenue collection performance in of County governments in Kenya.	p=0.000 which is less than 0.05.
<b>Objective 4</b> To establish the influence of staff capacity on revenue collection performance of County governments in Kenya	p = 0.31 which is less than 0.05.

From Table 23 the following conclusions are made:

- i. On objective 1 the study concludes that revenue source influences revenue collection performance of County governments in Kenya.
- ii. On objective 2 the study concludes that Strategies of Revenue Administration influences revenue collection performance of County governments in Kenya.
- iii. On objective 3 the study concludes that Information Communication technology influences revenue collection performance of County governments in Kenya.

- iv. On objective 4 the study concludes that staff capacity influences revenue collection performance of County governments in Kenya.

#### 4.7 Content Analysis

The study analyzed the open ended questions using content analysis based the thematic analysis. The study found that a majority of 50.43% of the study response answered the open ended question. The main areas tackled by the responded included, Revenue Source, Strategies of Revenue Administration, and Staff Capacity. The results on revenue source are captured in the table 23.

**TABLE 23**  
**Content Analysis of Revenue Source**

<b>Revenue Source</b>	<b>Frequency</b>	<b>Percent</b>	<b>% of Total Responded</b>
Tax payer refuse to pay taxes/ pay total expected	8	53.33	
Misunderstanding/ignorance of the rates of tax by taxpayers	5	33.33	
Caused by laxity of revenue collection	1	6.67	
Lack of equality in tax payment payers	1	6.67	
<b>Sub Total</b>	<b>15</b>	<b>100.00</b>	<b>25.42</b>

The results indicate that those who tackled revenue source as influencing revenue performance where 25.42% of those who responded to this question. Out of this lot, 53.33% indicated that the low revenue collection was due to tax payer refusing to pay taxes or tax payer refuse to pay total expected, 33.33% showed that there misunderstanding of the rates of tax by the taxpayers coupled with ignorance of the tax payers, which triggered low revenue collection. From the results, 6.67% showed that the low revenue collection was caused by laxity of revenue collection another 6.67% showed that it was caused by lack of equality in tax payment to the payers.



The study analyzed the results on Strategies of Revenue Administration and the results recorded in Table 24.

**TABLE 24**  
**Content Analysis of Strategies of Revenue Administration**

<b>Strategies of Revenue Administration</b>	<b>Frequency</b>	<b>Percent</b>	<b>% of Total Responded</b>
No penalty for those who refuse to pay – enforcement	9	25.00	
Cannot afford to pay standards	2	5.56	
Corruptions/Negligence	9	25.00	
Lack of consistency	3	8.33	
Lack of sufficient law/policy	4	11.11	
Lack of advertisement	1	2.78	
Lack of infrastructure for development	3	8.33	
Lack of revenue internal controls	3	8.33	
Lack of budgetary allocation for revenue officers	1	2.78	
No public participation	1	2.78	
<b>Sub Total</b>	<b>36</b>	<b>100.00</b>	<b>61.02</b>

The response to this indicator was 61.02% of the total response to the open ended question. The 25.00% respondents indicated that low revenue collection was due to failure by the county to enforce penalty for those who refuse to pay (enforcement) as another 25.00% showed that it was due to corruptions/negligence. 11.11% showed that the low revenue collection was due to Lack of sufficient law/policy. The results also indicated 8.33% showed that lack of consistency led to low revenue collection, 8.33% showed low revenue collection was due to lack of infrastructure for development and another 8.33% showed it was due to lack of revenue internal controls.

From the results, 5.56% showed that failure to set pay affordable standards was one the factors leading to low revenue collection, 2.78% showed it was due to lack of advertisement,

2.78% showed it was due to lack of budgetary allocation for revenue officers to run operation correctly and showed it because of 2.78% lack of public participation.

The results on staff capacity were captured in table 25

**TABLE 25**  
**Content Analysis of Staff Capacity**

<b>Staff Capacity</b>	<b>Frequency</b>	<b>Percent</b>	<b>% of Total Responded</b>
Lack of manpower/Staff	3	37.50	
Lack of trained staff	2	25.00	
Lack of monitoring of staff on the ground	3	37.50	
<b>Sub Total</b>	<b>8</b>	<b>100</b>	<b>13.56</b>

The results in table 25 show that those who gave information on staff capacity formed 13.56% of the total response to this open question. These results indicated that 37.50% of the respondents who tackled staff capacity indicated that the low revenue performance was due to lack of adequate revenue manpower/staff and another 37.50% showed that it was due to lack of monitoring of staff on the ground (revenue collection staff). The remaining 25.00% show that low revenue performance was due to lack of trained staff.

## 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 the researcher felt should be filled by further research as well the limitations of the study.

#### 5.2 Summary of Study Findings

The results were summarized based on the study objectives. These included to establish the influence of revenue sources, strategies of revenue collection administration, information communications technology and staff capacity on revenue collection performance of County governments in Kenya. The study response rate was high (86.67%) and adequate. The ratio of male to female was that the male were more than 2/3<sup>rd</sup> of the the total population and the female were less than 1/3<sup>rd</sup> of the total number of employees. The composition were in violation of the 2/3<sup>rd</sup> rule enshrined in the constitution of Kenya (RoK, 2010) to ensure gender equality. Most of the employees were youth within the ages 18 to 29 years. From these results, it was observed that there was diversity in accomodating all cadres of employees.

The study established that revenue collection performance in the county governments of Kenya was moderate. The revenue collection performance was measured using revenue collection compliance with budget estimates. Revenue collection was moderately complying with budget estimates. The revenue collection did not exceed the budget estimates and it also did not reach the budget estimates in the county. The revenue was sometimes collected on time and other times it was not collected in time, and thus the county was not always collecting enough

from the revenue sources. The county lacked the capacity to maintain the correct records for revenue collection in all areas.

Revenue sources highly influenced revenue collection performance. The study found that all the indicators of revenue sources highly influenced the revenue collection performance in the county. So, the reliability of revenue sources to remit all expected revenue from that source was high while there was high influence of accessibility of the revenue sources on revenue collection performance. The study found that the county had some reliable revenue sources and others were not reliable. The most reliable revenue sources were building plan approval fees, boda boda, business permit and licenses, bus park/motorbikes charges, cess, water charges revenue and land rent. These were all highly reliable. Parking charges were moderately reliable and other sources of revenue, which were not specified were unreliable. Most of the revenue sources, except parking charges and other sources, contributed highly to the revenue collection. The revenue source that contributed highly include building plan approval fees, application for plots, boda boda charges, business permit and licenses, bus park/motorbikes charges, cess, water charges revenue, and land rent. Parking charges contributed moderately and other sources, not specified, contributed lowly.

The study found that revenue collection administration highly influenced the revenue collection performance. The indicators influencing revenue collection performance were internal controls used highly ensure that total tax is correctly collected and recorded. Further, audit to ascertain the correctness of collection and any shortcoming in collection was shown to highly influence the revenue collection performance while clarity of revenue collection policies was shown to highly influence the revenue collection performance, and tax payer awareness on the need for paying tax moderately influenced the revenue collection performance. It was found that

fairness of tax rates to ensure allocation of tax to respective revenue payers moderately influenced the revenue collection. Ensuring penalties are paid was shown to highly influence the revenue collection performance, and procedures used of enforcement of tax payment was shown to moderately influence the revenue collection performance.

ICT significantly influenced revenue collection performance. Some of the indicators of ICT highly influencing revenue collection performance were the effectiveness and efficiency of ICT device, ICT applications used to process and transmit revenue data and information, the speed and effectiveness networking system used to transmit revenue data, and the speed and effectiveness networking system used to transmit revenue data. The other indicators were ICT Security to protect revenue data against corruption, unauthorized access, ease of the use of the ICT system by revenue staff (Usability of ICT), and access to the ICT facilities by revenue staff (Accessibility of ICT) were also shown to moderately influence revenue collection performance.

Staff capacity was found to highly influence revenue collection performance. Most measures were shown to highly influence revenue collection performance including experience of the revenue staff in revenue collection, frequency of training provided to the revenue staff on revenue collection, adequacy of staff managing revenue collection, ability to collect revenue, and staff knowledge of revenue collection. Only two indicators of staff capacity (highest academic qualifications attained by the revenue staff and highest professional qualifications attained by the revenue staff) moderately influenced revenue collection performance.

Lastly, the study found that staff capacity in the county governments was moderate. The revenue staff had adequate academic qualifications to enable them to deliver services effectively. Some county revenue staff did not the required professional qualifications to manage revenue collection effectively and not all the revenue collection staff in our county have sufficient

experience in revenue collection. However, county provides did not always adequate training in revenue collection all revenue collection staff and it lacked frequent training programs (e.g. quarter yearly) to revenue collection staff. So, some revenue collection staff lacked adequate ability to collect all planned revenue, since some lacked adequate knowledge of revenue collection. Only a limited number of revenue collection staff have proficiency in use of ICT. So, the county lack staff competence and the number of staff needed to deliver services.

There was significant relationship between revenue source (p-value = .028), strategies of revenue administration (p-value = .000), information communication technology (p-value = .000), staff capacity (p-value = .031) and revenue collection performance of county Governments in Kenya. The study established that 23.10% of variation in revenue collection performance is explained by revenue source, strategies of revenue administration, information communication technology and staff capacity. The study there found that revenue source, strategies of revenue administration, information communication technology or staff capacity was associated to revenue collection performance and influenced it positively.

### **5.3 Research Conclusions**

Based on the study findings, this study revealed that the revenue collection performance was moderate as portrayed by its indicators. Revenue collection moderately complied with budget estimates, revenue collection did not exceed the budget estimates and the county was not always collecting the correct amount from the revenue sources. The county lacked the capacity to maintain the correct records for revenue collection in all areas.

The study established that revenue source moderately influenced revenue collection performance. It concludes that the revenue source positively influences the revenue collection performance.

It was established that the revenue collection administration highly influenced the revenue collection performance. The study concludes that revenue collection administration positively and highly influences the revenue collection performance.

Further, the study concludes that ICT moderately and positively influences revenue collection performance. The study further concludes that staff capacity highly influences revenue collection performance.

The study concluded that revenue source, strategies of revenue administration, information communication technology or staff capacity are predictors of revenue collection performance.

## **5.4 Recommendations**

### ***5.4.1 Policy and practical implications***

The study made policy recommendation based on the findings and study objectives. First, the study recommends that the county government of Garissa should strive to improve revenue collection as this was seen to range from moderate to poor.

Secondly, the study recommends that the county should ensure that it diversifies its revenue sources to widen its tax and revenue bracket. This would make it able to provide services to the residents effectively.

Third, the study recommends to the county government to institute innovative and accountable methods of revenue collection and management. This would mean that there is efficiency in revenue collection and issues of corruption and misappropriation are managed. Moreover, the study also recommends training and education of tax payers on the need for compliance

Moreover, the study recommends the adoption of ICT in various activities and process of revenue collection to ensure that processes with inefficiencies are removed.

Lastly, the study recommends that staff capacity should always be improved to ensure that they can keep up with the needs of revenue collection.

#### ***5.4.2 Recommendations for further study***

The study embarked on collecting data from Garissa County, which limited the applicability of the results to Garissa County. It was established that Garissa County is regarded as one of the county having serious revenue collection challenges. So, other studies should be conducted to assess the effects of revenue source, strategies of revenue administration, information communication technology and staff capacity on revenue collection performance in other counties regarded as facing serious revenue collection challenges.

The study found that 21.30% % variation of revenue collection performance is explained revenue source, strategies of revenue administration, information communication technology or staff capacity. This means that there are other factors that account for the remaining 78.70%. So the study recommends that other studies should be conducted to establish what influence the 78.70% change of revenue collection performance.

After content analysis, the study established that various factors; infrastructure, advertisement, public participation, which were not part of the study objectives, highly influenced revenue collection performance. The present therefore recommends that studies should be conducted to assess the above factors to determine their level of influence on revenue collection performance.

#### **5.5 Contribution to Knowledge**

The study embarked on collecting data from Garissa County and contributes to the knowledge in the following. First is in sustainability of devolved government system in Kenya from within



using their revenue collection and hence success in devolution of funds. This would propel investment, economic growth and development and service delivery at the grassroots in the country since. Implementation of the recommendation would lead to counties ensuring adequacy, elasticity, equity, administrative capacity and economic efficiency. This would lead to high revenue collection performance, which is vital to promote efficiency in the service delivery and economic development at the counties.

This the first study in Kenya to be conducted in a county regarded as one of the counties with highest revenue collection challenges in Kenya. So it will propel other studies to be conducted in counties classified in the same category for the prosperity of county governments in Kenya. It is a window opener for more research in the areas of revenue collection in devolved systems in counties regarded as having the highest revenue collection challenges in Kenya, making it useful to researchers and scientists.

The study used county as a unit of making decision. Garissa County and others will benefit more from this study in the event of maximizing their revenue collection exercises and hence achievement of devolved government objective.

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## **APPENDIX I**

### **Letter to Respondents**

**Abdirahman Hassan Noor**

**Adm No.09/03004**

KCA University

Main Campus,

**NAIROBI.**

Dear Respondent,

**RE: ACCEPTANCE LETTER**

I am a student at KCA University undertaking a Degree of Masters in MSC Finance and accounting. I have chosen your ministry to participate in this research on assessing the factors affecting the revenue collection performance of Counties in Kenya. Your responses will be used for the research purpose only and your identity treated with a lot of confidentiality.

Kindly respond sincerely to the issues in the questionnaire. Please read and answer the questions by ticking the correct answer (choice) to the questions given.

Thanking you in advance of your response.

Yours truly,

**Abdirahman Hassan Noor**

**Adm No. 09/03004**

## APPENDIX II

### Questionnaire

#### ASSESSING THE FACTORS AFFECTING THE REVENUE COLLECTION PERFORMANCE OF COUNTIES IN KENYA

##### Instructions

Please answer the following questions as accurately as possible.

Tick the correct answer in the boxes provided against the questions where necessary.

Write brief answers where explanation is required.

You need not write your name on the questionnaire.

**Information will be treated with confidentiality.**

##### SECTION A: DEMOGRAPHIC

##### CHARACTERISTICS

1. Sex Male  Female

2. Age (in years) Please tick as appropriate

18 – 29  30-39  40-49  50-59  Over 59

3. Position held in the Ministry?

Chief officer

Director of departments

Revenue collection Officer

Elected members of county assembly



## SECTION B: PERFORMANCE OF REVENUE COLLECTION

4. This section is about the status of performance of revenue collection of Counties in Kenya. The study seeks your opinion of the way the revenue collection has been performing since the county started, in terms of effectiveness. Please indicate your level of agreement or disagreement with the following statements in regards to performance of revenue collection. Please tick (√) the space corresponding to the correct answer in each question below.

**Scale: Strongly Disagree = 0: Disagree= 1: Neutral = 2: Agree =3: Strongly Agree = 4**

<b>Performance of Revenue Collection Indicator</b>	0	1	2	3	4
Our revenue collection has always been complying with the budget estimates					
The revenue collection exceeds the budget estimates in the county					
The revenue collection does not reach the budget estimates in the county					
The revenue is always collected in time in the county					
The county always collects the correct amount from the revenue sources					
The county maintains the correct records for revenue collection					

**SECTION C: REVENUE SOURCE**

5. The study seeks to assess the effects revenue source on performance of revenue collection of Counties in Kenya in this question. Please indicate in your own opinion the how each the following indicators of revenue source would influence performance of revenue collection of Garissa County. For each indicator indicate the level of influence by ticking (√) on the space corresponding to the correct answer in each question below.

**Scale: Not at All = 0; Low = 1; Moderate = 2; High = 3; Very High = 4**

	<b>Revenue source Indicator</b>	0	1	2	3	4
a)	The Reliability revenue sources to remit all the expected revenue from that source					
b)	The ability of all proposed revenue source to generate expected revenue (Capacity of the source)					
c)	Accessibility of the revenue sources i.e. the possibility of gaining access to them all					
d)	Geographical location of the revenue payer and their distance from the revenue collectors’ office					
e)	Form of revenue source (i.e. the proposed source of revenue in the county legal framework)					

6. In this question the study is collecting answers on the status of revenue source in your county using the indicators; reliability of revenue source, capacity of the source to generate expected revenue, accessibility, geographical location, major revenue sources, and form of revenue source. Please indicate your level of agreement or disagreement with the following statements in regards to revenue source in your county. Please tick (✓) the space corresponding to the correct answer in each question below.

**Scale: Strongly Disagree = 0: Disagree= 1: Neutral = 2: Agree =3: Strongly Agree = 4**

	<b>Revenue Source Statement</b>	0	1	2	3	4
a)	Our county has reliable revenue sources					
b)	The county has adequate revenue source to generate enough revenue to comply with budget estimates					
c)	All the revenue payers in the county are accessible					
d)	The geographical locations of payers are well distributed for revenue collectors to reach them					
e)	The major revenue sources in the county produce expected revenue as per the budget estimates					
f)	All forms of revenue sources generate the expected revenue as per the budget estimates					

7. For each revenue indicator please indicate its reliability (from 0 to 4) by ticking (√) on the space corresponding to the correct answer in each question below.

**Scale: Unreliable = 0; Low = 1; Moderate = 2; High = 3; Very High = 4**

	<b>Revenue Source Reliability</b>	0	1	2	3	4
a)	Building plan approval fees					
b)	Application for plots					
c)	Boda boda charges					
d)	Business permit and licenses					
e)	Bus park/motorbikes charges					
f)	Cess					
g)	Parking charges					
h)	Water charges revenue					
i)	Land rent					
j)	Others (specify)					

8. Please rank the following sources of revenue between 0 and 4 in terms of their contribution to the county budget. The ranking is such that 0 is the least contribution increasing up to 4 which the highest contribution (please enter only one number between 0 and 4)

NAME	RANK
Building plan approval fees	
Application for plots	
Boda boda charges	
Business permit and licenses	
Bus park/motorbikes charges	
Cess	
Parking charges	
Water charges revenue	
Land rent	
Others (specify)	

b) What do you think is the cause of the revenue source reliability or unreliability?

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**SECTION E: STRATEGIES OF REVENUE COLLECTION ADMINISTRATION**

9. The study seeks to collect data on effects of strategies of revenue collection administration (instructional practices) on performance of revenue collection in this question. Please indicate the effects of each of the following indicators of strategies of revenue collection administration (instructional practices) on influence performance of revenue collection of Garissa County. For each indicator indicate the level of influence by ticking (√) on the space corresponding to the correct answer in each question below.

**Scale: Not at All = 0; Low = 1; Moderate = 2; High = 3; Very High = 4**

	<b>Strategies of Administration Indicator</b>	0	1	2	3	4
a)	Internal controls used to ensure that total tax is correctly collected and recorded					
b)	Audit of the revenue collection to ascertain the correctness of collection and any shortcoming in the collection and recording process					
c)	Clarity of revenue collection policies					
d)	Tax payer awareness on the need for paying tax					
e)	Fairness of tax rates to ensure there is equity in the allocation of tax to respective form of revenue payers					
f)	Ensuring penalties are paid					
g)	Procedures used of enforcement of tax payment					

10. The study seeks to obtain information the status of strategies of revenue collection administration. Please indicate your level of agreement or disagreement with the following

statements in regards to strategies of revenue collection administration in your county.

Please tick (√) the space corresponding to the correct answer in each question below

**Scale: Strongly Disagree = 0: Disagree= 1: Neutral = 2: Agree =3: Strongly Agree = 4**

	<b>Strategies of Revenue Collection Statement</b>	0	1	2	3	4
a)	There are sufficient internal controls in our county to support all the revenue collection processes.					
b)	There are frequent and effective audits on revenue collection process in our county					
c)	Revenue collection policies used for revenue collection are very straight forward and clear and effective					
d)	There are frequent tax payer awareness campaigns in our county by the county government to sensitize the tax payers on the need to pay tax promptly					
e)	The county financial legislation ensures fairness of revenue collection					
f)	The county ensure that penalties charged for failure to pay tax on time are always in full and promptly					
g)	Enforcement tools used in our county are efficient and reduce the costs of administering and collection of tax					

**SECTION E: INFORMATION COMMUNICATIONS TECHNOLOGY**

11. This question seeks to obtain information on the influence of information Communications Technology on performance of revenue collection in your county. Please indicate the extent to which each the following indicators of information communications technology would influence performance of revenue collection of Garissa County. For each indicator indicate the level of influence by ticking (√) on the space corresponding to the correct answer in each question below.

**Scale: Not at All = 0; Low = 1; Moderate = 2; High = 3; Very High = 4**

	<b>Information Communications Technology Indicator</b>	0	1	2	3	4
a)	The effectiveness and efficiency of ICT device (such as computer, storages, laptops, phones etc) used for revenue collection enhancement (Hardware)					
b)	ICT Applications (software) used to process and transmit revenue data and information					
c)	The speed and effectiveness networking system used to transmit revenue data					
d)	Effectiveness of operations in revenue processing and transmission					
e)	ICT Security measure in place to protect revenue data against corruption, access by unauthorized personnel, distortion etc					
f)	Ease of the use of the ICT system by revenue staff and related personnel (Usability of ICT)					
g)	Access to the ICT facilities by revenue staff (Accessibility of ICT)					



12. Please indicate your level of agreement or disagreement with the following statements in regards to the status of information communications technology systems in your county. Please tick (√) the space corresponding to the correct answer in each question below.

**Scale: Strongly Disagree = 0: Disagree= 1: Neutral = 2: Agree =3: Strongly Agree = 4**

<b>Revenue Collection Systems Statement</b>	0	1	2	3	4
Our county has very effective and efficiency of ICT system for revenue collection enhancement (Hardware)					
The ICT Applications (software) used to process and transmit revenue data and information in our county are very efficient					
The networking system used to transmit revenue data in our county works very fast and is always in working conditions					
The operations system in revenue processing and transmission in our county are very clear and produce correct results					
ICT Security measures used to protect revenue data against corruption, access by unauthorized personnel, distortion in our county are very effective					
ICT system by revenue staff in our county are very easy and user friendly (Usability of ICT)					
The revenue staff in our county can always access to the ICT facilities (Accessibility of ICT) as they need to do so					

**SECTION F: STAFF CAPACITY**

13. Staff capacity are regarded as factors influencing performance of revenue collection Please indicate in the extent to which each the following indicators of Staff capacity would influence performance of revenue collection in Garissa County. For each indicator indicate the level of influence by ticking (√) on the space corresponding to the correct answer in each question below.

**Scale: Not at All = 0; Low = 1; Moderate = 2; High = 3; Very High = 4**

	<b>Staff capacity</b>	0	1	2	3	4
a)	Highest academic qualifications attained by the revenue staff					
b)	Highest professional qualifications attained by the revenue staff					
c)	Experience the revenue staff in revenue collection					
d)	Frequency and type of training provided by the county to the revenue staff on revenue collection					
e)	Adequacy of staff managing revenue collection					
f)	Ability to collect revenue					
g)	Staff knowledge of revenue collection					

14. Please indicate your level of agreement or disagreement with the following statements in regards to Staff capacity in your county. Please tick (√) the space corresponding to the correct answer in each question below.

**Scale: Strongly Disagree = 0: Disagree= 1: Neutral = 2: Agree =3: Strongly Agree = 4**

	<b>Staff Skill Statement</b>	0	1	2	3	4
a)	All Our revenue staff have adequate academic qualifications to enable them to deliver services effectively					
b)	The county revenue staff have the required professional qualifications to manage revenue collection effectively					
c)	All the revenue collection staff in our county have sufficient experience in revenue collection					
d)	Our county provides adequate training in revenue collection all revenue collection staff					
e)	There are frequent training programs (e.g. quarter yearly ) provided by our county to revenue collection staff					
f)	The county has adequate revenue collection staff who ensure that they reach all revenue payers as planned					
g)	The revenue collection staff in our county have ability to all planned for collect revenue					
h)	All the revenue collection staff in our county have adequate knowledge of revenue collection					
i)	All our revenue collection staff have proficiency in use of ICT					

**Thank you for your co-operation.**

**TABLE A1: County Total Revenues FY 2013/2014**

County	Equitable Share	Conditional Grant	Annual Local Revenue Estimates	Total (Ksh Millions)
Baringo	3,247.85	382.56	280.00	3,910.41
Bomet	3,442.64	272.58	245.00	3,960.22
Bungoma	6,180.67	334.60	2,753.78	9,269.04
Busia	3,412.40	266.37	632.40	4,311.18
Elgeyo/Marakwet	2,392.01	744.50	100.33	3,236.84
Embu	2,807.08	557.20	439.61	3,803.89
Garissa	4,221.43	475.03	150.53	4,847.00
Homabay	4,121.43	1,604.79	140.68	5,866.89
Isiolo	2,235.58	187.89	360.00	2,783.48
Kajiado	3,227.41	284.38	517.00	4,028.79
Kakamega	6,515.51	840.70	3,500.00	10,856.21
Kericho	3,295.02	317.79	293.15	3,905.97
Kiambu	5,458.86	805.57	6,367.00	12,631.44
Kilifi	5,442.53	377.89	2,064.09	7,884.50
Kirinyaga	2,587.87	242.06	437.99	3,267.91
Kisii	5,188.30	635.95	1,229.19	7,053.45
Kisumu	4,155.30	711.38	3,417.12	8,283.80
Kitui	5,315.31	519.09	713.85	6,548.25
Kwale	3,748.95	280.45	642.36	4,671.76
Laikipia	2,523.01	234.82	1,306.10	4,063.93
Lamu	1,500.76	99.24	353.28	1,953.27
Machakos	4,950.62	523.08	2,541.87	8,015.57
Makueni	4,366.29	354.91	350.00	5,071.20
Mandera	6,550.23	230.31	437.40	7,217.94
Marsabit	3,795.59	272.86	44.00	4,112.45
Meru	4,749.44	758.42	658.00	6,165.87
Migori	4,269.10	490.97	795.37	5,555.44
Mombasa	3,801.76	545.82	7,345.85	11,693.42
Murang'a	3,917.40	404.43	1,300.04	5,621.87
Nairobi City	9,505.77	390.47	15,448.05	25,344.28
Nakuru	5,936.31	1,025.00	3,076.74	10,038.05
Nandi	3,477.90	408.95	139.00	4,025.85
Narok	3,867.59	278.79	5,323.46	9,469.84
Nyamira	3,038.64	278.44	100.00	3,417.08
Nyandarua	3,150.21	284.91	204.70	3,639.82
Nyeri	3,254.18	817.15	479.05	4,550.37
Samburu	2,598.15	206.94	223.55	3,028.64
Siaya	3,653.58	318.01	153.47	4,125.06
Taita/Taveta	2,420.63	205.85	214.12	2,840.60
Tana River	2,914.33	204.48	87.29	3,206.10
Tharaka Nithi	2,294.83	139.76	84.16	2,518.75
Trans Nzoia	3,729.87	193.13	501.50	4,424.51
Turkana	7,664.40	230.00	351.84	8,246.24
Uasin Gishu	3,796.63	270.26	1,682.42	5,749.31
Vihiga	2,831.56	196.97	204.27	3,232.81
Wajir	5,290.05	357.47	119.03	5,766.55
West Pokot	3,155.05	437.78	38.00	3,630.83
<b>Total</b>	<b>190,000.05</b>	<b>20,000.00</b>	<b>67,846.66</b>	<b>277,846.71</b>

Source: Office of the Controller of Budget