

**FACTORS INFLUENCING REVENUE PERFORMANCE**  
**(A Case Study of Thika Tax Service Office, Kenya Revenue Authority)**

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**DECLARATION**

I, the undersigned, declare that this project is my original work and that it has not been presented in any other university or institution for academic credit.

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## **DEDICATION**

This project is dedicated to all my family members for their prayers, support, and encouragement throughout the study period.

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## TABLE OF CONTENTS

<b>DECLARATION</b> .....	<b>ii</b>
<b>DEDICATION</b> .....	<b>iii</b>
<b>ACKNOWLEDGEMENT</b> .....	<b>iv</b>
<b>TABLE OF CONTENTS</b> .....	<b>v</b>
<b>LIST OF TABLES</b> .....	<b>viii</b>
<b>ACRONYMS AND ABBREVIATIONS</b> .....	<b>x</b>
<b>ABSTRACT</b> .....	<b>xi</b>
<b>CHAPTER ONE</b> .....	<b>1</b>
<b>INTRODUCTION</b> .....	<b>1</b>
1.1 Background of the Study .....	1
.1.1.1 Global Perspective .....	3
1.1.2 Regional Perspectives on Factor influence Revenue Enhancement .....	4
1.1.3 Local Perspectives on Factors Influencing Tax Enhancement .....	5
1.1.4 Kenya Perspective .....	7
1.1.2 Revenue Enhancement .....	8
1.2 Problem Statement .....	10
1.3 Objectives of the Study .....	11
1.3.1 General Objective .....	11
1.3.2 Specific Objectives .....	12
1.4 Research question.....	12
1.5 Significance of the Study .....	12
1.5.1 KRA management .....	12
1.5.2 Policy makers .....	13
1.5.3 Future Researchers .....	13
1.6 Scope of the Study.....	13
1.7 Limitations of study .....	14
<b>CHAPTER TWO</b> .....	<b>15</b>
<b>LITERATURE REVIEW</b> .....	<b>15</b>
2.1 Introduction .....	15
2.2 Theoretical Review .....	15

2.2.1 Laffer Curve Tax Revenue Theory .....	15
2.2.2 Optimal Theory of Taxation .....	17
2.2.3 Resource Based View Theory .....	18
2.2.4 Public Choice Theory .....	19
2.3 Conceptual Framework .....	20
2.3.1 Top Management Support .....	21
2.3.2 Stakeholder Engagement .....	22
2.3.3 Tax Administration Policy.....	24
2.3.4 Information technology Deployment.....	25
2.3.5 Revenue Enhancement .....	27
2.4 Empirical Review .....	28
2.6 Critique of the existing literature relevant to the study.....	34
2.6 Summary of Literature .....	35
2.7 Research gaps.....	35
<b>CHAPTER THREE .....</b>	<b>37</b>
<b>RESEARCH METHODOLOGY .....</b>	<b>37</b>
3.1 Introduction .....	37
3.2 Research Design.....	37
3.4 Target Population .....	38
3.5 Sample and Sampling.....	39
3.6 The Study Instruments .....	40
3.7 Pilot Study.....	41
3.7.1 Validity of the Instruments.....	41
3.7.2: Reliability of the instruments .....	43
3.8 Data collection procedure.....	44
3.9 Data analysis .....	44
<b>CHAPTER FOUR.....</b>	<b>46</b>
<b>RESEARCH FINDINGS AND DISCUSSION.....</b>	<b>46</b>
4.1 Introduction to Data Analysis .....	46
4.1.1 Response rate .....	46
4.1.2 Pilot Test Results .....	46
4.2 Descriptive Statistics.....	47

4.2.1 Gender of the Respondents.....	47
4.2.2 Respondent’s highest level of education .....	48
4.2.2 Period Working in KRA .....	48
4.3 Top Management Support.....	49
4.4 Stakeholder Engagement.....	50
4.5 Tax Administration Policy .....	51
4.6 Information technology Deployment .....	52
4.7 Revenue Performance .....	53
4.8 Inferential statistics .....	54
4.8.1 Correlation analysis .....	54
4.8.2 Regression .....	55
<b>CHAPTER FIVE .....</b>	<b>59</b>
<b>SUMMARY, CONCLUSIONS AND RECOMMENDATIONS .....</b>	<b>59</b>
5.1 Introduction .....	59
5.2 Summary of Finding.....	59
5.2.1 Top Management Support .....	59
5.2.2 Stakeholder Engagement .....	60
5.2.3 Tax Administration Policy.....	60
5.2.4 Information technology Deployment.....	61
5.3 Conclusions .....	61
5.4 Recommendations .....	63
<b>APPENDICES .....</b>	<b>70</b>
Appendix I: Consent To Collect Research Data .....	70
Appendix II: Questionnaire.....	71

## LIST OF TABLES

Table 3. 1: Target Population.....	38
Table 3. 2: Sample Size .....	40
Table 4. 1: Response Rate.....	46
Table 4. 2: Reliability Results.....	47
Table 4. 3: Gender of the Respondents .....	47
Table 4. 4: Highest Academic Qualifications .....	48
Table 4. 5: Period Working in KRA .....	48
Table 4. 6: Top Management Support .....	49
Table 4. 7: Stakeholder Engagement .....	50
Table 4. 8: Tax Administration Policy.....	51
Table 4. 9: Information technology Deployment.....	52
Table 4. 10: Revenue Performance .....	53
Table 4. 11: Correlation between Supplier Relation management and Performance of Supermarkets.....	54
Table 4. 12: Regression Model Summary.....	56
Table 4. 13: Goodness of Fit.....	56
Table 4. 14: Beta Regression Coefficients.....	57

## LIST OF FIGURES

Figure 2.1 Conceptual framework.....	14
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## **ACRONYMS AND ABBREVIATIONS**

GDP	Gross Domestic Product
IMF	International Monetary Fund
KRA	Kenya Revenue Authority
VAT	Value Added Tax
KRA	Kenya Revenue Authority

## ABSTRACT

Enhancing revenue collection is vital in promoting efficiency in the service delivery and economic development at the counties. Kenya is facing budget deficit every year since government expenditure exceed government revenue. If the government's budget is not sufficient, achieving success in public sector delivery and economic developing may not be achieved. The general objective of the study was to determine factor influencing revenue enhancement in Kenya Revenue Authority, a case of Thika Tax Service Office. The specific objectives of the study are; To establish the influence of top management support on revenue enhancement in Thika Tax Service Office , to determine the influence of stakeholder engagement on revenue enhancement in Thika Tax Service Office, to assess extent tax administration policy influence revenue enhancement in Thika Tax Service Office and to establish the influence of information technology deployment on revenue enhancement in Thika Tax Service Office . The current study adopted descriptive research design. Descriptive research design is selected as it helped the study in collecting, analyzing and integrating quantitative and qualitative data for the study. The target population comprised of 195 officers working at Kenya revenue Authority Thika Tax Service Office . The study adopted stratified and simple random sampling techniques to select respondents from each level. A sample size of 131 was selected as determined using Yamane approach. The study used primary data which was collected using a questionnaire. The study carried out a pilot study to pretest and validates the questionnaire. Quantitative data analysis involve generation of descriptive statistics namely frequencies, percentages, mean and standard deviations. Qualitative data analysis will be carried out on data that was collected using open ended questionnaire items according to the themes of the study and presented in prose form. The study also used inferential statistical techniques, regression and correlation to determine the relationship factors indentified and revenue enhancement. From the regression results also indicated that predictor top management support had a significant, positive relationship with Revenue Performance in KRA Thika Tax Service Office. From regression results, predictor stakeholder engagement has a significant and positive relationship with Revenue Performance in KRA Thika Tax Service Office . The study established that predictor tax administration policy had a significant positive relationship with Revenue Performance in KRA Thika Tax Service Office , demonstrating that an increase in tax administration policy would result into increase in Revenue Performance in KRA Thika Tax Service Office . From regression results, an increase in ICT deployment would result into increase in Revenue Performance in KRA Thika Tax Service Office as there existed a statistically significant and positive relation with Revenue Performance in KRA Thika Tax Service Office as the study revealed that KRA Thika Tax Service Office experience increase in revenue expansion, increase level of tax compliance, increase in tax volume, increase in tax payment rate, reduction in tax default rate, increase in tax recovery.

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 Background of the Study**

Revenue enhancement is the increase in revenues that is achieved by raising the amount of taxes that individuals and corporations remit to the government. Most of the times, governments run on a deficit budget due to the inability to meet all the demands for services and infrastructure from the citizens. The government is continually in need of more revenues each year to improve infrastructure, improve healthcare, address inequality, as well as guarantee retirement security. County Governments have certain legislated revenue sources for their financing and others designed by the county, which may be internal or external. Counties collect revenues from parking fees, trading and license fees, rent and rates, donations and Government grants (Balunywa, 2014; Makokha et al., 2014). The prevailing challenges in revenue collection in counties range from, tax base capacity, adequacy of National Government allocation, cooperation between national and County Government, consistency of revenue disbursement, to the reliability of the revenue source.

The revenue administration strategies, which set the basis and foundation of revenue collection, involves; financial legal framework, institutional policies and procedures, stakeholder participation and planning for revenue collection (Makokha et al., 2014). The counties are supposed to design an effective legal framework in their finance bill required to support total revenue collection. The county needs to establish clear-cut revenue administration practices to positively impact the revenue collection, specifically the legal framework and institutional policies should be designed to ensure perfect revenue collection process and compliance to the county budget. Further, the participation of all

the stakeholders is very vital when seeking to ensure the effectiveness of revenue collection (ICPAK, 2014). According to ICPAK (2014), stakeholders' participation is a civic duty towards management of public resources that provide an anchor to revenue collection

Revenue collection enhancement is the actual revenue collected compared to the revenue target. High volume of revenue denotes increase in revenue collection is vital to promote efficiency in the service delivery and economic development at the counties (Ngotho & Kerongo, 2014). According to Jones (2009) determinants such as tax compliance and information sharing fostered revenue collection. Revenue compliance is considered high when all revenue due is collected at the right time. Improvement of the tax compliance level ensures that the expected revenue is actually collected, which eventually enhances efficient service delivery and economy development (Olatunji, 2009). According to Gummesson (2014), some benefits linked to collection of revenue such as improving efficient public service delivery motivate revenue enhancement in countries all over the world. According to Katzan (2018) service delivery revolves around the provision of assistance and expertise through interrelated service processes, where high tax compliance expectations are the backbone of the system and customer satisfaction is the most important concern (Cuomo 2000). The revenue enhancement is measured using rate of revenue collection compliance with budget approximate. Ngotho and Kerongo (2014) indicated that high rate of compliance with revenue regulation foster revenue collection. In Kenya, the government revenue declines due to low revenue collection posing a threat to service delivery and economic development (Muriithi, 2019). The public choice theory suggests that the high revenue collection performance is necessary for sufficient service

delivery, socio-economic growth and development at the County level (Namoit, 2012). As the government through KRA focuses on achieving high revenues, the achieving of expected revenue have never been achieved making the government to increase her borrowing from private entities as well as from international organizational like World Bank and African Development Bank (ROK, 2020). This motivate the undertaking of the current study to determine the factors influencing revenue enhancement

### **1.1.1 Global Perspective**

Globally revenue collection has been a role of governments to support service delivery to citizens. Over the last 20 years, the desire of global leaders to embrace reform in order to boost their revenues has coincided with a concerted effort by the International Monetary Fund (IMF) to build up the skills base, professionalism and human resources of global tax revenue authorities. In some countries, this has generated major gains in a relatively short space of time. In the United States, the highest tax rate on earned income is 40% for taxpayers earning over \$400,000. Raising the tax rate to about 45% can help maximize revenues and minimize distortions in the market like reduced labor supply and tax avoidance.

In Malaysia, Federal Constitution contains special provisions regarding sources of revenue that are assigned to the Federal and the State governments. Those that are assigned to the State governments include revenue from land, forest, mining, entertainment, water supply, bank interests, returns from investments, fines including forfeitures and fees for licenses and permits. Taxation in Malaysia become crucial economic tools to govern economics due to the to achieve economic development.

Therefore the problem statement for this study is which variables that have strongly positive significant relationship towards tax revenue?

### **1.1.2 Regional Perspectives on Factor influence Revenue Enhancement**

Fjeldstad and Rakner (2003) stated that, most sub-Saharan countries are faced with a trilemma with respect to taxation: First, there is an urgent and dire need for more revenue to enable the countries to provide even the most basic of public services and maintain government resources as well as resolving of crises that arise; Second, those economically able are few, and they do not want to pay taxes, in-fact, they spend a lot of their money to acquire tax planning and avoidance services; and Third, those without economic ability, who are the majority, have almost nothing to tax and resist paying taxes anyway.

In Tanzania, Nuluva (2015) assessed factors affecting revenue collection in local Government in Tanzania. The study revealed that the problem of inexperienced and unqualified personnel was aggravated by lack of training facilities and opportunities in the County. In Ghana, Addo (2015) assessed revenue generation processes and strategies in the district assemblies in North Tongu district assembly. The study established that poor training of revenue collectors had an impact on the performance of the staff in their daily duties and responsibilities. In order to improve the system of revenue generation, there is the need to provide adequate staff development in the Assembly. This motivated this study to assess the influence of financial stewardship on revenue collection performance.

In Uganda Balunywa et al. (2014) noted that poor revenue performance in local Governments in Uganda was due to retaining under skilled revenue collection staff and recommended for better skilled labor that will help enhance better revenue performance. Further, the study findings indicated that other causes of revenue shortfalls include corruption, nepotism and political interference among others. The study also recommended that Government should increase minimum qualifications for elected public officials to attract capable leaders who understand Government programs better. This helped reduce political interference and inefficiency.

### **1.1.3 Local Perspectives on Factors Influencing Tax Enhancement**

In Kenya, there has been no real change in tax as a proportion of government revenue or as a proportion of GDP (Cheeseman and Griffiths, 2005). Fjeldstad and Rakner (2003) added that inspite of recent reforms, the central government tax systems in many African countries are characterized by an excessive number of different taxes with rate structures that are difficult for taxpayers to understand; this goes to show that, although the reforms have led to tremendous improvement in collection efficiency, there are still numerous hurdles that KRA faces in terms of collection of the much needed tax revenue. Also there reforms geared toward enhancement of taxation in Kenya. According to Waris (2017) tax reforms in Kenya are moving towards new legislation, rather than increasing or reducing the tax rate imposed. For instance, there are considerations of widening the tax base to include the informal sector such as juakali' sector and second-hand clothes industry as the government sought to increase the amounts of tax revenue to be collected (Waweru, 2005).

Mutua (2011) stated that the objective of a good tax system is to change the economic decisions of persons and firms as little as possible as compared with the decisions they would have made if the taxes were not charged at all. This implies that tax policies hope to have the least possible effect on people's incomes, consumption and expenditure. Stiglitz (2010) described a good tax system as one that: allows for efficient distribution of resources; is not expensive to maintain, and is easy to administer; is able to adjust to changes in the economic conditions of the country; and it treats different individuals in an equal and fair manner. According to Mutua (2011) tax policy decisions have different impacts on different individuals, businesses and the general economy. He noted that, tax issues have previously been left to tax experts. This has contributed to the low levels of information penetration on issues regarding tax and tax policy, administration and performance. He pointed out the high importance that lays in education of the general public for the purpose of their understanding and participation in revenue policy decisions that affect them

Raising the tax rate would help reduce inequalities in incomes. According to KRA (2019), increasing the estate tax from 40% to 45% and increasing its coverage can increase the tax revenues paid to the government each year. However this has not been achieved. Citizens are often reluctant to pay their taxes as they perceived no benefit and value for it. Tax auditing as well as enforcing compliance increase revenue collection (Prichard, 2015) In Kenya, higher levels of corruption and mismanagement of public fund are link to poor revenue collection (Burbidge, 2015;). Revenue collection in most county governments in Kenya such as Nairobi City County, Kenya failed to achieve the revenue target (Ngicuru, *et al.*, 2017).

#### **1.1.4 Kenya Perspective**

The Kenya Revenue Authority plays a critical role of assessment of taxes, collection of revenue, administration and enforcement of Laws relating to revenue on behalf of the government of Kenya. In addition, according to the Act of Parliament Cap 469, KRA is also tasked with the role of enhancing and mobilization of government revenue, providing effective administration and sustainability of revenue collection. This noble objective can only be achieved if the authority lays down effective strategies. However, the current business environment is quite turbulent and as such risks abound in the realization of KRA objectives.

Kenya Revenue Authority (KRA) is set to raise revenue to GDP ratio from current 18.3 per cent in 2017/18 to 19.2 per cent in 2020/21, in renewed efforts to support government spending. This comes even as the 2019/20 proposed budget is set at US\$26.5 billion (Ksh2.7 trillion). Through its 7th Corporate Plan running from 2018-2021, KRA expects to collect US\$59.9 billion (Kshs6.1 trillion) of core revenues - exchequer revenues, Road Maintenance Levy Fund (RMLF) and Railway Development Levy (RDL) - requiring an annual revenue growth of 12.9 per cent.

Key among the Plan's strategies and programs is tax base expansion aimed at raising the number of active taxpayers from 3.94 million to seven million, by implementing a segmented approach to deal with the identified sectors. During the launch of the Corporate Plan presided over by National Treasury Cabinet Secretary Henry Rotich, KRA management expressed optimism that the blue print will steer the authority to a success in tax administration and consequently the Big Four Agenda.

### **1.1.2 Revenue Enhancement**

Many of the most innovative approaches to increasing tax revenues have been implemented by sub-national governments, especially in large urban areas such as Cape Town and Lagos. This suggests that part of the solution to increasing government revenue in Africa is to empower devolved administrations to raise their own funds. When such strategies work well, they can serve to reduce the reliance of municipalities on central government transfers and to enable sub-national leaders to identify solutions that will be more appropriate and sustainable in their areas. Of course, this needs to be balanced with the imperative of ensuring that populations and the private sector are not overtaxed, which can push people into poverty and companies out of business.

While many countries raise already 15% or more in tax revenue, some countries still do not raise the necessary amount of resources to allow for sound functioning of domestic institutions and basic service delivery. Raising revenue to fund government salaries, infrastructure projects and public services is one of the core tasks of any state. However, in Africa a shallow and narrow tax base has undermined the prospects for revenue generation since independence. It has also led to the evolution of lopsided economies.

To date, most African governments have relied heavily on taxes from trade, and to a lesser extent sales taxes, in the absence of significant taxes on income. In general, countries have had limited success increasing direct taxation for three main reasons. First, it is very difficult to collect income tax unless citizens are working within the formal

economy – and this typically accounts for a small proportion of the population. Second, the revenue agencies tasked with collecting revenue are often undeveloped and lack the capacity to track and collect personal taxes. Third, collecting income tax is typically unpopular with voters, and so governments concerned about maintaining their support base have often shied away from increasing the level of direct taxation. This situation has had a number of negative consequences. On the one hand, it has left African economies overly dependent on trade taxes, and so vulnerable to fluctuations of the price of exports on world markets (Tignor, 2006: 112-123). On the other hand, it has undermined the link of accountability between citizens and governments, because the funds which sustain African leaders do not come directly from voters' paylips but from international donors and lenders, along with the sale of natural resources such as oil (Watts, 2004). In turn, the combination of these two trends has stalled the development of more sustainable economies and democracies.

Administrative constraints relate to the capacity of tax administrations to enforce the law and ensure compliance. Tax administration is a very detailed and increasingly complex area of expertise, particularly as far as international issues are concerned. From a personnel point of view, it is difficult to find tax officials that have the necessary capacity to effectively run a tax administration with all its complexities. The problem of highly skilled officials draining towards international organizations and firms is well known in developing countries and tax administrations (but also Ministries of finance and economic development) are no exception.

International organizations are increasingly interested in tax matters, while tax consultancies and accounting firms are expanding their presence in developing countries. These organizations typically offer substantially higher salaries than local public administrations, even when considering revenue agencies that often have higher salaries with respect to the broader public sector. The drain of skilled personnel away from tax administration poses a serious obstacle to improving capacity there and therefore to increasing tax revenue in developing countries. From an institutional point of view, tax authorities still make insufficient use of advanced tax administration practices. Giulia MASCAGNI (2014)

## **1.2 Problem Statement**

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

The study by Owuor et al. (2013), showed that county Governments fail to achieve the expected revenue collection performance due to poor revenue management practices. The study explains that efficiency in revenue collection practices determines the success or failure of revenue collection. Achievement of such a goal is enhanced by effective

financial practices and strategies, which are geared towards generating adequate income sufficient to cover operational costs. Effective financial management practices are based financial governance, capital investments and capital allocations (Mupemhi et al, 2013). On the contrary, lack of adequate financial management practices is the highest limitation to sustainability of revenue collection performance

Kenya is facing budget deficit every year since government expenditure exceed government revenue. If the government's budget is not sufficient, achieving success in public sector delivery and economic developing may not be achieved. The KRA performance report for year 2017 to 2019 indicated that revenue collection was up by KSh145 billion from a collection of Ksh1.435 trillion in 2017 to KSh. 1.58 trillion in 2018, a growth of 10% in for the year 2018/2019 as compared to a 5.1% growth in 2017/2018. However, According to KRA (2019) evaluation report, government of Kenya through KRA failed to achieve it revenue collection of Kshs 1.605 trillion target by 25 billion. This demonstrate that there are factors influencing revenue collection in Kenya. Empirical studies by Cheeseman and Klaas (2016) indicated that there are determinants that enhance tax collection in Nigeria. In Kenya, empirical studies such as Mutua (2011); Ngicuru, *et al.*, (2017) and Ngotho & Kerongo (2014) revealed that counties in Kenya failed to achieve optimal revenue collection due to underlying factors such as political instability, inadequate resources and organization incapability. This study seek to establish factor influencing revenue enhancement focusing on KRA Thika Service Center, Kenya

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

#### **1.3.1 General Objective**

The general objective of the study was to determine factor influencing revenue enhancement in Kenya Revenue Authority, a case of Thika Tax Service Office .

### **1.3.2 Specific Objectives**

- i. To establish the influence of top management support on revenue enhancement in Thika Tax Service Office .
- ii. To determine the influence of stakeholder engagement on revenue enhancement in Thika Tax Service Office .
- iii. To assess extent tax administration policy influence revenue enhancement in Thika Tax Service Office .
- iv. To establish the influence of information technology deployment on revenue enhancement in Thika Tax Service Office.

### **1.4 Research question**

The following research guided the study.

- i. How does top management influence revenue enhancement in Thika Tax Service Office ?
- ii. How does stakeholder engagement influence revenue enhancement in Thika Tax Service Office ?
- iii. To what extent does tax administration policy influence revenue enhancement in Thika Tax Service Office?
- iv. How does information technology deployment influence revenue enhancement in Thika Tax Service Office ?

### **1.5 Significance of the Study**

#### **1.5.1 KRA management**

The study will be significant to the KRA management, as they gain new insight on factors that influence enhancement of revenue collection. The management gain knowledge and understand how factors such as tax administration, stakeholder engagement, compliance with tax regulation and technology deployment influence revenue enhance. This will inform development of measure that would enhance revenue collection.

### **1.5.2 Policy makers**

The study will be of great benefit to the policy makers especially in the tax compliance and revenue enhancement. The policy makers in the KRA and Ministry of treasury would formulate policy framework involving tax administration, stakeholder engagement, compliance with tax regulation and technology deployment to enhance revenue collection. This would promote government revenue that would enable the government improve on service delivery, fund economic stimulus programs and achieve economic development in the long run.

### **1.5.3 Future Researchers**

The study will add the existing body of literature and knowledge to the existing knowledge about enhancement of revenue by the Kenya revenue authority. The academicians may use the findings as basis for further research. Findings and recommendations that shall be made from this study shall form the basis from which future scholars call carry further studies on the sale area of study and expand it wider to cover other objectives that were not covered in this study hence more success in the progress and development of revenue enhancement in Kenya.

## **1.6 Scope of the Study**

The research will seek to investigate the factors influencing revenue enhancement in Thika station, Kenya Revenue Authority. The study will focus on top management support, stakeholder engagement, tax administration policy and information technology deployment as independent variables and revenue enhancement as dependent variable. It will focus on fifty (50) employees in Domestic Taxes Department compliance, policy unit, debt, taxpayer education and taxpayer registration and recruitment of Thika Tax Service Office , Central region, Kenya Revenue Authority.

### **1.7 Limitations of study**

The research is dependent on confidence and the ability of participants to be familiar with and be aware of revenue collection performance at Thika Tax Service Office . The limitation in this view is that respondents especially may feel fear of intimidation as they are of different level of management. The researcher explained that the information they will provide was used for academic work only

The study was limited to staff working at the KRA offices. The findings are only generalizable to the participants of this research, other than generalizability readers may perceive from the findings of the study.

The respondents may dispose element of attitude during data collection. The researcher may not in a position to control the attitude of the respondents and this may have an effect on provision of the information and consequently affect the findings since they may have only provided socially accepted data for fear of being offensive or being regarded as irresponsible.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter examines previous literature related to the relationship between training and development, and revenue enhancement in Thika Tax Service Office , KRA. It reviews the past studies that help the researcher to understand and identify the problem being studied more appropriately.

#### **2.2 Theoretical Review**

##### **2.2.1 Laffer Curve Tax Revenue Theory**

The Laffer Curve is a theory developed by supply-side economist Arthur Laffer to show the relationship between tax rates and the amount of tax revenue collected by governments. The curve is used to illustrate Laffer's argument that sometimes cutting tax rates can increase total tax revenue. The proponents of the theory states that, The Laffer Curve is based on the economic idea that people will adjust their behavior in the face of the incentives created by income tax rates. Higher income tax rates decrease the incentive to work and invest compared lower rates. If this effect is large enough, it means that at some tax rate, and further increase in the rate will actually lead to decrease in total tax revenue. For every type of tax, there is a threshold rate above which the incentive to produce more diminishes, thereby reducing the amount of revenue the government receives (Irvin B. Tucker, 2010).

The Laffer Curve describes the relationship between tax rates and total tax revenue, with an optimal tax rate that maximizes total government tax revenue. If taxes are too high along the Laffer Curve, then they will discourage the taxed activities, such as work and investment, enough to actually reduce total tax revenue. In this case, cutting tax rates will

both stimulate economic incentives and increase tax revenue. The Laffer Curve was used as a basis for tax cuts in the 1980's with apparent success, but criticized on practical grounds on the basis of its simplistic assumptions, and on economic grounds that increasing government revenue might not always be optimal (Fullerton, 2008).

### **2.2.2 Optimal Theory of Taxation**

The standard theory of optimal taxation as developed by Stiglitz (1987), posits that a tax system should be chosen to maximize a social welfare function subject to a set of constraints. The literature on optimal taxation typically treats the social planner as a utilitarian: that is, the social welfare function is based on the utilities of individuals in the society. In its most general analyses, this literature uses a social welfare function that is a nonlinear function of individual utilities. Nonlinearity allows for a social planner who prefers, for example, more equal distributions of utility. However, some studies in this literature assume that the social planner cares solely about average utility, implying a social welfare function that is linear in individual utilities.

The theory of optimal taxation can be seen as a recipe for minimizing the costs of taxation. The costs already noted are the efficiency costs of a distorted tax system. But the more direct costs of administration and compliance play little or no role in the analyses, and the theories of tax evasion that will be discussed below alert us to some of the important aspects of these costs (Fowler, 2002). So far, the potential gains from using the insights of the tax evasion literature in the study of optimal taxation have not been fully exploited, although for some aspects of taxation the evasion perspective is obviously highly relevant. This is true, at least to some extent, with respect to the degree of progressivity of the personal income tax, and even more so with respect to the interface between personal and company taxation and the degree of differentiation of the indirect tax system. The literature on tax evasion should be seen as a way to bring issues of tax administration into the focus of the theoretical literature on tax design (Ghura,

2006). The standard theory of optimal taxation posits that a tax system should be chosen to maximize a social welfare function subject to a set of constraints. The social welfare function is based on the utilities of individuals in the societies. In its most general analyses; this literature uses a social welfare function that is a nonlinear function of individual utilities. Nonlinearity allows for a social planner who prefers, for example, more equal distributions of utility (Graham, 2000). To reduce the problem facing the revenue collection, it is often assumed that everyone in International Journal of Economics, Commerce and Management, United Kingdom Licensed under Creative Commons Page 1119 society has the same preferences over, say, consumption and leisure. Sometimes this homogeneity assumption is taken one step further by assuming the economy is populated by completely identical individuals. It is important to choose the tax system that maximizes the representative consumer's welfare, knowing that the consumer will respond to whatever incentives the tax system provides (Hazel 2005).

### **2.2.3 Resource Based View Theory**

Resource Based-View (RBV) was brought about by Penrose (1959) who recommended that an association ought to be considered as a collection of physical and HR bound together in an authoritative structure. Hafeez, Malak, and Zhang (2007), viewed resources as physical resources and intellectual resources; Physical resources, for example, plant and hardware are effectively recognizable because of their substantial presence (Hafeez et al., 2007). Administration Control, or simply "Control", is characterized as, formal, data based schedules; frameworks and structures that administration uses to keep or change designs in the different exercises of the of the association, fundamentally those exercises that bolster administration choice procedures

and activities while actualizing business strategy (Wade & Hulland, 2004). As per Hoopes, Madsen and Walker (2003), also calls for further empirical support for resource construct view in light of association strategy; suggestions from a resource (and ability) point of view on associations value creation and aggressiveness through value processing, innovations, control systems, organizing resources and compensation policies. Dominant part of SMEs in developing economy can't contend in a successful route because of their inner resource gap (UNIDO, 2003). In this case resource based view theory could be used in this study in that government institutions require adequate resources in tax administration.

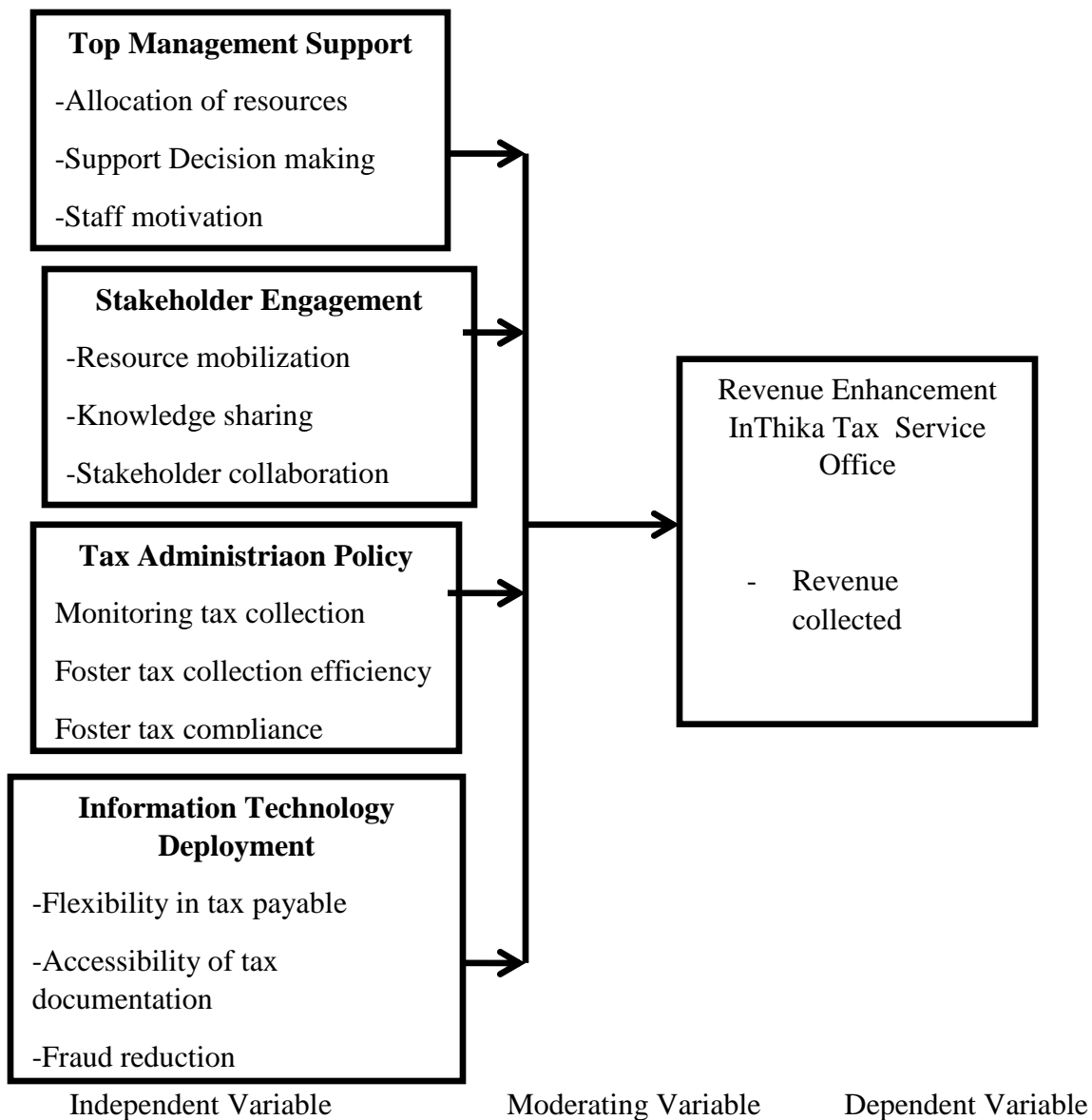
#### **2.2.4 Public Choice Theory**

According to Richard (2009), the public choice theory was initially usable in Governments as a budget-maximizing model for the purpose of maximizing their own economic benefits. Since democratic arrangements were very poor predictors of citizens' preferences, the public choice theory was designed with the optimum goal of allocating goods and making decisions based on public functions management. The public choice theory is more in providing an opportunity to promote socio-economic development, economic growth and service delivery among 14 Government agencies through ensuring high revenue collection performance in devolved Governments (Namoit, 2012). This is based on the premise that devolved County Governments present opportunities to promote socio-economic development and service delivery in the counties, which are generally rated through efficiency of growth and provision of them respectively (Muriisa, 2008). Public choice theory is instrumental in design budget-maximizing systems and features that promote the high revenue collection performance needed to accelerate the

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

### **2.3 Conceptual Framework**

A conceptual framework can be defined as a set of broad ideas and principles taken from relevant fields of enquiry and used to structure a subsequent presentation. Conceptual framework is used in research to outline possible courses of action or to present a preferred approach to an idea or thought. In the study, the independent variable is issues that influence revenue enhancement.



**Figure 2. 1: Conceptual framework**

**2.3.1 Top Management Support**

Top management in Revenue authorities (RAs) have been adopted by some countries as an alternative delivery model for improved revenue administration. This result into reduction low rates of tax compliance, ineffective tax administration staff, and corruption and enhance and revenue collection. In the event there of diminished voluntary compliance, motivating staff enhance deployment of modern tax administration. Revenue administrations focus on good pay for staff, equipment, facilities, and so on. Many countries have set up autonomous RAs to achieve effectiveness in tax administration.

According to Jenkins (2018) restructuring of revenue administrations could contribute to provision of independence in management, establishment of operating policies; clear and transparent objectives; and a measure of financial independence to achieve revenue collection goals. According to Baurer (2015), failure to deal with corrupt tax administration employees can create problems for the business community. Bird (2003) argues that, weaknesses in revenue collections occasion inadequate tax collections.

Developing countries according to the scholar faces a problem of inefficient tax administration. The foregoing problem is attributed to with insufficient administrative staff with requisite skills, and high level of illiteracy among taxpayers and tax collectors. Kayaga (2010) further notes that, financial constraints has led to hiring of tax officials who lack understanding of the tax laws they are administering, and the concept of the concepts of accounting that are requisite to analyzing returns. The scholar further posits that, the problem of inexperienced and unqualified personnel is aggravated by lack of training facilities and opportunities. According to Gatumbu (2011) insufficient resources in terms of funds hinders the RAs to expand its revenue collection. According to Christopher (2005) adequate affects formulation and the execution of key management decisions for strengthening revenue collection activities. Chambers (2007) found out that lack of effective corporate governance practices affects organization leadership and strategic planning and this hinders effective execution of organization functions. Andrew (2009) noted that organization policies, board management and government policies are the key corporate governance problems affecting effective execution of revenue collection activities.

### **2.3.2 Stakeholder Engagement**

There is the need for RAs to engage with organizational stakeholders in a meaningful way and through open dialogue about issues that concern them. Stakeholder engagement and dialogue allows RAs to reliably anticipate stakeholder sentiment, plan activities accordingly and ensure future support towards revenue collection (Money et al., 2012). In the UK tax system is embrace stakeholders business decision-makers, then NGOs and consumer bodies in revenue collection management. Interest for tax a RA collect has been expressed by an increasingly broad array of stakeholders and the tax authorities but also customers, suppliers, employees, NGOs and the public at large. Stakeholder engagement in tax administration build positive perceptions of the acceptability of tax avoidance, foster tax compliance and promote tax audit and enhance tax collection in develop countries such as UK.

As e-government plays an increasingly dominant role in modern public administrative management, its pervasive influence on organizations and individuals is apparent. The managerial interpretations of governance are not exclusive to the private sector (Allen et al., 2001). Pablo and Pan (2002) noted similar revenue authority reformations in civil administration involve stakeholders for success to be achieved. With a renewed strategic focus on citizens as partners in the revenue governing process (Wimmer & Traummuller, 2000), this engagement of stakeholders approach to public management promises expanded functionalities through stakeholder integration.

Stakeholders are individuals or groups of people with interest, demands and expectations as to what the business should provide to the society (Kangas, 2011). He observed that, a leading cause of failure in project implementation is lack of sufficient attention to those stakeholders with the greatest influence over implementation and sustainability. Effective

management of the organization requires proactive and continuous stakeholder engagement through identification, communication and active collaboration as well as risk planning. Stakeholders include: the government, directors, owners, managers, employees, customers (taxpayers), suppliers, creditors and the community/environment in general.

### **2.3.3 Tax Administration Policy**

Spiro (2005) noted that, about 40 per cent of American citizens were not tax compliance, especially those drawn from the informal sector. It was argued that the non-compliance was occasioned by lack of requisite knowledge of the tax law by taxpayers, different interpretation of tax law by taxpayers, among other factors. In their study of local government revenue mobilization in Anglophone Africa, Fjeldstad and Haggstad (2012) observed that, consultations and cooperation between the central government revenue administration and local government authorities are generally limited. It is further exemplified that, in Ghana national tax personnel report that, tax officials at a times persuade citizens to pay local taxes instead of the national taxes (Prichard, 2008). Tax officials from the local authorities, on the other hand, studies indicate that, they lament that the national government officials have monopolized tax collection while at the same time offering very little, if any, administrative support (Fjeldstad & Haggstad, 2012)

Empirical surveys in both Tanzania and Uganda indicated that, citizens generally appreciate the necessity of taxation to support local service provision. However, citizens were found to choose non-compliance due to lack of confidence in local government (Fjeldstad et al., 2009). The foregoing change was attributed to enhanced service delivery, specifically education, health, and law and order. More so, less oppressive

revenue collection was found to have contributed to the increased people's positivity towards taxation. The study, moreover, noted that, citizens were inclined towards non-compliance in tax payment due to corrupt officials, a factor that had eroded their trust in government and government officials. Indeed, there were increased demands by the citizenry on how the revenues collected were employed by the government. Fjelstad and Haggstad (2012) infer that, measures ought to be taken to enhance compliance of taxpayers. The benefits of tax, tax audit and imposition of penalties influence the tax compliance among the people. Simiyu (2010) observed that tax compliance costs may slow down the economy and call for implementation of measures to foster tax compliance.

#### **2.3.4 Information technology Deployment**

With the world evolving into a global village and technological advancement, it is important to accept change and adapt to the technological changes taking place in-order to enhance efficiency in revenue collection (Miyahira, 2008). New technologies have brought about new tools to help businesses work more efficiently, this in turn translates into higher taxes from the businesses. The revenue collecting agency therefore has to keep up with the technological advancements in-order to exploit the new avenues created in enhancing revenue collection. Miyahira (2008) pointed out that the massive numbers of taxpayers bring about complexities in efficient collection of revenue; however, many different information technology systems have been put in place for the purpose of assisting in the tax collectors to carry out their duties.

Integrating e-government technology and payment would enhance revenue collection. The inculcation of information and communication technologies (ICTs) is thus

paramount in ensuring optimal revenue collection. Information Technology has been a big part of the reforms implemented in RAs in many countries in an effort to enhance revenue collections. This has been in the form of: establishment of an online portal as a means of enabling taxpayers to access RAs online services; integration of RAs business systems into a single view for taxpayers across all functions; implementation of IT best practice and ensuring compliance with ISO complaint quality management system (Rober, 2014). This has brought about higher levels of compliance due to: easier access to documentation and taxpayers' records; empowerment of taxpayer through introduction of do-it-yourself processes, this ensures that the taxpayer can keep track of their records and transactions and obligations; reductions of corruption as digital records are quite hard to alter or eliminate; reduction of errors in data inputted, as the systems detects some forms of errors while inputting data.

ICT creates a supportive environment for effective implementation of automated revenue collection systems. Absence of ICT infrastructure hinders effective implementation of automated revenue collection systems and this affects the overall organization revenue collection activities. A computerized tax system reduce the operational costs of revenue collections and as a result, a reduction in expenditures, a probable residual budget may be invested in means to enhance the citizens' welfare prioritizing the society's needs (Miyahira, 2008).

A support system is defined as a series of independent elements which work together interdependently to facilitate the seamless functioning of a whole system (Fjeldstad and Rakner, 2003). Automation of RAs operations influence achievement of operational

efficiencies, enhances service delivery at the lowest possible cost, and enhances revenue collection.

In Kenya, KRA had since 2004 been undergoing the Revenue Administration Reforms and Modernization Programme (RARMP) deploying ICT to foster revenue collection. Adoption of technology in RAs is for the purpose of dealing with the challenges that inhibited achievement of full integration, and a modern and seamless tax administration and need to enhance revenue collection. Mugo (2011) identified that effective integration of information communication technology with revenue collection functions is major booster to expansion of RAs revenue collection activities.

### **2.3.5 Revenue Enhancement**

Tax recovery is the full or partial recovery of tax paid on purchases by a registered establishment to offset the tax collected from sales transactions. There are usually many regulations surrounding the details of tax recovery. For example, in most European countries, tax is fully recoverable on all purchases except for businesses that only sell nontaxable supplies, such as financial institutions. In cases in which businesses only sell nontaxable supplies, "value-added tax (VAT)" on their purchases is not recoverable. In certain countries like Canada, more than one type of recovery is possible. Tax authorities designate the tax recovery rates that indicate the extent of recovery for a specific tax.

Tax recovery information on a transaction may be viewed on the invoice distributions level, including any pertinent information for non-recoverable and recoverable taxes where applicable. This is an optional setup that is applicable to taxes that have tax recovery enabled. This process determines the recovery rate to apply to each recovery

type for each applicable tax on the transaction that allows for full, partial, or no recovery of the tax amount. In many cases, the tax determination process uses either the recovery rate associated with the tax rate or the default recovery rate defined for the tax. However, if the tax recovery rate varies according to determining factors, such as intended use, then create a Determine Recovery Rate tax rule to derive the recovery rate.

## **2.4 Empirical Review**

A study by Gichugu (2015) found that In Kenya, taxation is the single largest source of government budgetary resources. Between 1995 and 2004, tax revenue constituted 80.4% of total government revenue (including grants).Relatively, the importance of non-tax revenue is also significant in sustaining the public budget, although its importance is much less than the role of taxation given that it's share over the same period was 15.1%. Foreign grants play a minimal role as they have averaged only 4.5%. Given it's central role, taxation has been applied to meet two objectives. First, taxation is used to raise sufficient revenue to fund public spending without recourse to excessive public sector borrowing. Second, it is used to mobilize revenue in ways that are equitable and that minimize its disincentive effects on economic activities.

Musya, (2014) undertook a study to examine the part played by internal control system in the collection of revenue by county governments in Kenya. The research was conducted using both qualitative and quantitative approaches. The study established that weak internal controls activities and lack of proper information and communication systems have encouraged collusion to fraud, loss of revenue and embezzlement of collected revenue. The study therefore concludes that internal controls do function although with

hiccups and that there is a significant effect between internal controls and revenue collection in county governments in Kenya.

An empirical study by Mburugu and Gakera, M. (2016) assessed determinants influencing revenue collection on the performance of Kenya Revenue Authority. . The study deployed descriptive research design. The target population was 262 officers working at KRA in Nairobi Office. Probability sampling was used to determining a sample size of 126 respondents. Data was collected using questionnaire. The study used descriptive statistics data analysis that included percentage mean and standard deviation. Further inferential analysis technique multiple Linear Regression will be done to establish whether the selected factors had a significant influence on enhancement of revenue at Nairobi KRA office. The findings indicated that organization resources, corporate governance, ICT adoption and tax regulatory framework were the key determinants influencing revenue collection performance at Kenya Revenue Authority.

According to Oduor, Sevilla, Wanyoike and Mutua (2016), many developing countries like Kenya face challenges in their revenue collection. The adoption of automated revenue collection systems by some county governments in Kenya has tremendously transformed revenue collection and improved service delivery. Their study focused on ascertaining the impact of adopting automated revenue collection system and its effects on governance and service delivery in Kiambu County. The results of the study for the period of May-June 2014 showed an upsurge in revenue realization and granular visibility of county revenues and trends. There was an increase of 60% improvement in revenue collection within the first of the implementation of County Pro system. The study

also revealed that 74% of respondents were satisfied with the automated revenue collection.

Kosaye (2018) examined the factors affecting revenue Collection of County governments. The specific objectives were to examine the effect of automating revenue collection system, effect of staff competence on revenue collection and how an internal control affects revenue collection. The study proposed a descriptive survey design. A population of 182 and a sample size of 69 respondents. The study adopted a Stratified random sampling to stratify the sample respondents. The study collected primary data using a structured questionnaire. Primary data was analyzed using the Statistical Package for Social Sciences to obtain descriptive statistics. A regression analysis was then used to obtain the relationship between the dependent and independent variables. The study revealed that automate of revenue collection enhance saving on revenue collection costs and time spent in revenue collection. The study failed to link revenue automation system to revenue enhancement at KRA, Kenya.

Musya, (2014) undertook a study to examine the part played by internal control system in the collection of revenue by county governments in Kenya. The research was conducted using both qualitative and quantitative approaches. The study established that weak internal controls activities and lack of proper information and communication systems have encouraged collusion to fraud, loss of revenue and embezzlement of collected revenue. The study therefore concludes that internal controls do function although with hiccups and that there is a significant effect between internal controls and revenue collection in county governments in Kenya.

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

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

Mwachiro (2013) carried out a study on the internal controls in operation at Kenya Revenue Authority with a view to establish whether such internal controls have produced any meaningful results in increased collected revenue. The research was conducted using both quantitative and qualitative approaches. The data collected was analyzed and findings revealed that the five components of control environment, risk assessment, control activities, information and communication and monitoring must be available for internal controls to work. The study established that weak internal controls encourage collusion to fraud, loss of revenue and embezzlement of collected revenue. The study therefore concluded that internal controls do function although with hiccups and that there is a significant effect between internal controls and revenue collection in KRA.

Agyapong (2012) conducted a study to assess the viability of revenue activation systems of Metropolitan, Municipal and District Assemblies (MMDAs) in Ghana, Kumasi Metropolitan Assembly (KMA) as a contextual analysis. The goal of the study was to turn out with methodologies that can help KMA to create enough Internal Generated Funds (IGFs) to meet its formative needs. Ranges considered under the difficulties that KMA faced included; lacking IGFs, over dependence on District Assemblies Common Fund (DACF), defilement, powerlessness to give public needs, and so forth. The survey directed utilizing the staff and administration of KMA, tax payers and different partners in Kumasi uncovered that the infrastructural projects given by KMA are not satisfactory and do neither match revenue gathered nor their requests for improvement. KMA is legitimately and politically doing nothing to rouse the occupants to satisfy their financial commitments. There are such a variety of revenue spillages including KMA revenue collectors, senior officers of the Assembly and Assemblymen and ladies of the different Sub-metros. The conclusion drawn from the survey demonstrated that KMA is not adequately utilizing fiscal decentralization to enable itself under Local Government Act, Act 462 (1993) so far as that is concerned it has not grown new and practical methodologies to enhance its execution in revenue preparation.

Mwakibete (2015) stressed on the influence of taxpayers' perceptions on tax compliance. The study was undertaken in three municipal councils of Kinondoni, Morogoro and Dodoma. The findings revealed that 22.3% of the respondents showed 19 that they did not pay tax at all because of their negative perception of tax collected. The study also found that compliance rates were 77.7%; 91.2%; and 84.1% in Kinondoni, Morogoro and Dodoma respectively.

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

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

## **2.5 Critique of the existing literature relevant to the study**

Existing studies such as Gichugu (2015) indicated that taxation in country like Kenya is the single largest source of government budgetary resources. Taxation constitutes total government revenue including grants. Given it's central role, taxation aimed at raising sufficient revenue to fund public spending without recourse to excessive public sector borrowing and mobilize revenue in ways that are equitable and that minimize its disincentive effects on economic activities. There has been a need to foster revenue collection to eliminate budget deficits. Musya, (2014) opined that top management support for internal control system foster collection of revenue by county governments in Kenya. An empirical study by Mburugu and Gakera (2016) indicated that organization resources, corporate governance, ICT adoption and tax regulatory framework were the key determinants influencing revenue collection performance at Kenya Revenue Authority. Deployment of ICT as supported by Oduor, Sevilla, Wanyoike and Mutua (2016) lead to increase in revenue collection. The adoption of automated revenue collection systems by some county governments in Kenya has tremendously transformed revenue collection and improved service delivery.

The government in developing countries like Kenya face budget deficit demonstrating inadequate in revenue enhancement. According to Kosaye (2018) lack of automation of revenue collection, poor stakeholder involvement hinder saving on revenue collection costs and time spent in revenue collection

## **2.6 Summary of Literature**

This chapter has discussed the revenue enhancement overview, factors influencing revenue enhancement in line with the variables, theoretical framework, and finally the conceptual framework of the research. In a nutshell, from the above discussions and contributions by various authors and researchers, it is clearly evident that revenue enhancement is key to government achieving its economic agenda. However, government has always face budget deficit and institute measures to foster revenue collection

The review of the studies indicated that understanding the potential of RAs resources and optimizing their output given the technological changes, stakeholder engagement, and adequate of tax policy and deployment of ICT in revenue administration function to enhance revenue collection. The literatures reviewed outline the basic understanding of revenue enhancement and the influencing factors.

## **2.7 Research gaps**

The review of the past studies has clearly demonstrated that revenue enhancement is critical concern for government all over the world. Existing empirical studies such as Gichugu (2015) indicated that taxation in country like Kenya is the single largest source of government budgetary resources. There has been a need to improve efficiency and effectiveness in tax administration to foster revenue collection to eliminate budget deficits. According to Musya, (2014) top management support, organization resources, corporate governance, ICT adoption and tax regulatory framework were the key determinants of revenue collection in developing countries. Most local studies such as Oduor, Sevilla, Wanyoike and Mutua (2016) indicated that increase in revenue collection

require deployment of effective measures in county government in Kenya. There has been no empirical study that has focused on determining factor influencing revenue enhancement at KRA Thika Tax Service Office in the country. This study seeks to fill the existing knowledge gaps.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

Research methodology is procedurally adopted in terms of analyzing the data to be collected. It explained method in which the research design, procedure of sampling, the target population and data was analyzed. This chapter also discussed the validity and reliability of the data collection instruments.

#### **3.2 Research Design**

The current study adopted descriptive research design. Descriptive research design is selected as it help the study in collecting, analyzing and integrating quantitative and qualitative data for the study. The choice of descriptive research design is also informed by the fact that it promotes collaboration of different data collected to provide a better understanding of the research problem as supported by (Glesne, 2016). The design is also chosen because it helps in collecting data on facts described the current status of the on factors influencing enhancement of revenue collection. The study used descriptive research design as it allows adoption of multifaceted approaches to collection of data, data processing and data analysis.

The research design is also chosen because it helps in collection of information that depicts existing phenomena by asking questions relating to individual perceptions and attitudes. This view is supported by Leedy and Ormrod (2016) that in a descriptive study, researchers observe, count, delineate, and classify information that best answer the

research questions. The researcher by using descriptive research effectively support the designing of a structured questionnaire with both open ended and closed ended items. As supported by Kassu (2019) the choice of descriptive research design is also informed by the fact that allow the study to collect data from relatively large population within a short period.

### 3.4 Target Population

Target population refers to the entire group of individuals or objects from which the study seeks to generalize its findings (Cooper & Schindler, 2011). The target population comprised of 195 officers working at Kenya revenue Authority Thika Tax Service Office. The study population comprised managers, auditors, financial officers, Accountants, IT officers, Human resource officers, Supervisors, Revenue collection relationship Officers and Tax Enforcement officers. Table 3.1 indicates study population of the study as target population.

**Table 3. 1: Target Population**

Population Category	Frequency
Managers	12
Auditors	18
Financial officers	21
Accountants	15
Huma resource Officers	16
IT officers	20
Supervisors	12
Revenue collection relationship Officers	25
Tax Enforcement officers	56
Total	195

**Source: Kenya Revenue Authority, Thika Tax Service Office Author (2020)**

### 3.5 Sample and Sampling

The sample for a large population is determined using the formula given as:

The study adopted the Yamane (1967) which provides a formula to calculate sample sizes as given as:

$$n = N / [1 + N (e)^2]$$

n = The sample size, N = Total population and e = Error tolerance. Since the study population (N) is 195. Error of tolerance will be 0.05.

Thus the sample size was determined as  $n = 195 / [1 + 195(0.05)^2] = 131$ . This constitute a sample proportion of 67% of the target population.

The study adopted stratified and simple random sampling techniques to select respondents from each level. First, the study population is in different level of group which form basis for stratification. This is because the population is structured into various non-homogenous units which include managers, auditors, financial officers, Accountants, IT officers, Human resource officers, Supervisors, Revenue collection relationship Officers and Tax Enforcement officers and hence requires comparisons between various sub-groups. Since the respondents are classified according to their group level of management, stratified random sampling method is deemed the best to use for this study. This is because it helps in selection of sample size with minimal standard errors. Simple random sampling was use in selecting respondents from each group level. A sample proportion of 67% was used to determine the sample proportion from each of the stratum that sum up to 131 the sample size of the study.

**Table 3. 2: Sample Size**

Population Category	Frequency	Sample Proportion	Sample Size
Managers	12	0.67	8
Auditors	18	0.67	12
Financial officers	21	0.67	14
Accountants	15	0.67	10
Huma resource Officers	16	0.67	11
IT officers	20	0.67	13
Supervisors	12	0.67	8
Revenue collection relationship Officers	25	0.67	17
Tax Enforcement officers	56	0.67	38
Total	195		131

### **3.6 The Study Instruments**

The study used primary data which was collected using a questionnaire. Instruments are developed to collect necessary information .The methods of data collection that was used for this study is drop and pick later technique. The questionnaire was considered appropriate because it is more convenient to administer, they are also fairly cheap and no prior preparations are required before posting, they also prevent humiliation on the part of the respondents as it allows them to consider on their responses, particularly where there are pre-coded possibilities. Additionally, they also permit probable anonymity of respondent and have no interviewer bias if managed correctly.

The questionnaire was structured based on the study objectives. Each variable in the study will form its own sub-section in the questionnaire. The questionnaire contained open-ended and closed-ended questions with the quantitative section of the instrument

utilizing an ordinal scale format. A multiple item measurement scale was used to design the questionnaire which will have two sections. Section one addressed background information about the respondents and Section II addressed factors enhancement of revenue. A five-point Likert scale will be used, using a list of response categories ranging from strongly Agree (5), Agree (4), Moderate Agree (3), Disagree (2) and strongly disagree (1).

### **3.7 Pilot Study**

The study carried out a pilot study to pretest and validates the questionnaire. The pilot study carried out on the target population. For the purpose of this study the researcher used 20 subjects being 10% of the target population. Creswell and Creswell (2017) indicate that prior to the main study, a pilot study consisting of 10% of the target population need to be conducted in order to ascertain the validity and reliability of the instruments. Pilot testing was done to test validity and reliability of the instrument and in order to assess the adequacy of the research design and questionnaire by assessing whether the anticipated respondents understands the questions asked in the instrument. The study used a 10% of the study sample as indicated by Leedy and Ormrod (2016). Furthermore, a pilot test result helped in identification of the weaknesses of the instrument, identification of errors and foster modification of the research instrument where necessary.

#### **3.7.1 Validity of the Instruments**

The important criterion of research is validity. Validity is concerned with the integrity of the conclusions that are generated from a piece of research. Validity is the degree to

which an instrument measures what it purports to measure. It estimates how accurately the data in the study represents a given variable or construct in the study. During questionnaire construction, various validity checks were conducted to ensure the instrument was measure what it is suppose to measure and perform, as it was designed to perform (Glesne, 2016). The validity tests that were conducted include content validity and construct validity.

The questionnaire was formulated and operationalized as per the study variables to ensure adequacy and representativeness of the items in each variable in relation to the purpose and objectives of the study. Further, content validity was verified through expert opinions from supervisors and revenue collection practitioners. The researcher sought expert opinion in developing the instrument and especially the supervisors. In this study, the researcher shall present the questions in such a way to avoid error of omission or commission.

Construct validity which was achieved through restricting the questions to the conceptualization of the variables and ensuring that the indicators of each variable fell with the same construct. The purpose of this assessment was to ensure that each measure adequately assessed the construct it was purported to assess. Furthermore, Kassu (2019) indicates that the quality of a research study depends to a large extent on the accuracy of the data collection procedure. The instrument or tools used to collect data must yield the type of data the researcher can use to accurately answer his or her questions.

### **3.7.2: Reliability of the instruments**

Reliability is the tendency toward consistency and therefore, different measures of the same concept or the same measurements repeated over time should produce the same results. The index alpha is the most important index of internal consistency and was attributed as the mean of correlations of all the variables, and it does not depend on their arrangement. Including many similar items on a measure, by testing a diverse sample of individuals and by using uniform testing procedures increases reliability. It is commonly used in relation to the question of whether the measures that are devised for concepts in business are consistent.

A Cronbach's alpha (Cronbach coefficient alpha), which is based on internal consistency, will be calculated using SPSS version 24 to establish the reliability of the survey instrument. This methodology measures the average of measurable items and its correlation. Salmons (2016) contends that Cronbach's alpha value that is at least 0.70 suffices for a reliable research instrument. The researcher shall ensure that the questionnaire is designed to enable reliability by providing consistent, stable and repeatable results. As Wood and Ross (2011) puts it, a reliable data collection instrument should not respond to chance factors or environmental conditions but have consistent results if repeated over time on the same respondent or if used by two or more investigators. Moreover, reliability is particularly a critical issue in connection with quantitative research. Cronbach's alpha is a coefficient of internal consistency. A commonly acceptable rule of thumb for describing internal consistency using Cronbach's  $\alpha$  value. A coefficient of 0.7 and above is recommended for a newly developed questionnaire.

### **3.8 Data collection procedure**

A research permit was obtained from the School of KRA to be permitted in data collection. The researcher made a familiarization tour of the KRA officer in Thika Tax Service Office to know seek support and permission to collect data. The researcher will administer through drop and pick later approach. Questionnaires were given out to the sample and collected a after respondents fill as required. Those unable to fill were given one more day to do so. This ensured sufficient data was collected.

### **3.9 Data analysis and presentation**

In data processing, the collected data in the questionnaires was edited for completeness and coded using SPSS version 24 for ease of analysis. The coded data facilitated data entry then processed using the Statistical Package for Social Sciences (SPSS version 24). Data analysis was done using descriptive and inferential statistics techniques. Quantitative data analysis involved generation of descriptive statistics namely frequencies, percentages, mean and standard deviations. The data presentation will be done using tables, charts and cross tabulations. Tables was used to present responses and facilitate comparison.

Qualitative data analysis will be carried out on data that was collected using open ended questionnaire items according to the themes of the study and presented in prose form. The study also used inferential statistical techniques, regression and correlation to determine the relationship factors indentified and revenue enhancement. Correlation analysis was carried out to examine the strength of association between the variables. The study used t-statistics to test whether the hypothesized model was significant at 95% significance level. Analysis of variances (ANOVA) or F-test was used to test goodness of

fit of the model that is the overall significance of the model parameters. The research hypothesis was tested at 95% level of confidence in order to provide for drawing conclusions.

## CHAPTER FOUR

### RESEARCH FINDINGS AND DISCUSSION

#### 4.1 Introduction to Data Analysis

This chapter provides research results and discussion on factors influencing revenue performance in Kenya Revenue Authority. The study focused on the case of Thika Tax Service Office.

##### 4.1.1 Response rate

The Table 4.1 presents the response rate.

**Table 4. 1: Response Rate**

<b>Respondents</b>	<b>Frequency</b>	<b>Percent</b>
Filled questionnaires	128	97
Unfilled questionnaires	3	3
Total	131	100

A total of 128 officers working as managers, financial officers, accountants, ICT managers, human resource, supervisors, revenue collection officers, and tax enforcement officers from the KRA headquarters and Thika Tax Service Office were asked to respond to the questionnaire. Out of 1131 questionnaires administered, 128 (97%) responded in time for data analysis. This rate was considered adequate and appropriate to derive the inferences regarding the objectives of the research.

##### 4.1.2 Pilot Test Results

In this study, reliability was ensured through a piloted questionnaire that was subjected to a sample of 16 officers working in retail stores that were not included in the actual study.

The results obtained are presented in Table 4.2.

**Table 4. 2: Reliability Results**

Variable	No. Of Item	Cronbach's Alpha
Top Manager Support	5	0.8771
Stakeholder Engagement	5	0.8555
Tax Administration Policy	5	0.8684
Deployment of ICT	5	0.8263
Revenue Performance	6	
	6	0.794

From the findings, coefficient top management support was 0.8771 making question items reliable. The Cronbach Alpha of stakeholder engagement was 0.8555 making items reliable. The items concerning Tax administration policy were reliable as they had a Cronbach Alpha coefficient of 0.8684. The 5 items concerning ICT deployment were reliable with Cronbach Alpha coefficient of 0.8263 while revenue performance had a cronbatch value of 0.794 making the instrument reliable. Cronbach Alpha values were closer to 1 and greater than 0.7 making the instrument adequate for the study.

## 4.2 Descriptive Statistics

General information was based on the designation of the respondents, gender, their highest level of education, period in which in which they have worked in KRA.

### 4.2.1 Gender of the Respondents

**Table 4. 3: Gender of the Respondents**

Gender	Frequency	Percent
Male	83	64
Female	45	36
Total	128	100

The respondents were requested to indicate their gender. From the results, 64% of the respondents were male while 36% of the respondents were female. This demonstrated that data was collected from both gender.

#### 4.2.2 Respondent's highest level of education

**Table 4. 4: Highest Academic Qualifications**

Level of education	Frequency	Percent
College	57	45
University	48	37
Postgraduate	23	18
Total	128	100

Respondents were requested to indicate their highest level of education as indicated in Table 4.4. From the findings, majority 45% of the respondents indicated that they had college as the highest level of education, most 37% of the respondents indicated that they had university level of education while 18% of the respondents indicated that they had post graduate level of education. This implies that the data was collected from educated respondents and therefore they understood the required information and gave reliable response.

#### 4.2.3 Period Working in KRA

**Table 4. 5: Period Working in KRA**

Number of Years	Frequency	Percentages
Less than 5 years	16	13
5-10years	35	33
11-15 years	29	23
Over 16 years	49	38
Total	128	100

The results indicated that majority 38% of the respondents indicated that they had worked in KRA for over 16 years, 33% indicated that they had worked in KRA for 5-10 years, 23% indicated that they had worked in KRA for 11-15 years while 13% indicated that they had worked in the KRA for less than 5 years.

### 4.3 Top Management Support

The respondents were requested to indicate the extent they agreed on top management Support influencing revenue performance in KRA Thika Tax Service Office. The results were presented in Table 4.6

**Table 4. 6: Top Management Support**

<b>Statement</b>	<b>Mean</b>	<b>Standard Deviation</b>
Acquisition of competent tax administrative staff	4.84	0.75
Employee motivation	4.65	0.63
Allocation of sufficient resources	4.62	0.85
Foster restructuring revenue administration	4.56	0.55
Establishment of operating policies	4.41	0.50
Support provision of independence in staff	4.80	0.88
Support training and development of tax administrators	4.77	0.54
Share information to enhance decision making	4.34	0.63

From the results, respondents strongly agreed that acquisition of competent tax administrative staff, support provision of independence in staff and Support training and development of tax administrators influence revenue performance to a great extent as indicated by a mean of 4.84, 4.80, and 4.77. The results also indicated respondents strongly agreed that employee motivation influence revenue performance as indicated by a mean of 4.65 and standard deviation of 0.63, allocation of sufficient resource foster revenue performance as indicated by mean of 4.62 while respondents strongly agreed that

top management foster restructuring of revenue administration enhancing revenue performance as indicated by a mean of 4.56 with a standard deviation of 0.5. Respondents further agreed that establishment of operating policies and sharing information to enhance decision making influence revenue performance at Thika Tax Service Office , KRA. This clearly demonstrated that top management support is a key factor that contributes to revenue performance at KRA, Thika Tax Service Office.

#### 4.4 Stakeholder Engagement

The study sought the extent respondents agree with stakeholder engagement influence revenue performance at Thika Tax Service Office.

**Table 4. 7: Stakeholder Engagement**

<b>Statement</b>	<b>Mean</b>	<b>Standard Deviation</b>
Gain support in tax collection	4.33	0.43
Sharing of knowledge on importance of tax collection	4.08	0.31
Foster positive attitude among stakeholders on tax compliance	4.78	0.53
Mobilization of resources	4.75	0.76
There is increase collaboration among stakeholders in tax administration	4.79	0.68
Ease implementation of tax administration measures	4.56	0.51
There is increased cooperation among the stakeholders	4.21	0.59

The results in Table 4. Respondents strongly agreed that there was increase collaboration among stakeholders in tax administration indicated by a mean of 4.79 , SD of 0.68, strongly agreed that stakeholder engagement fostered positive attitude among stakeholders on tax compliance indicated by a mean of 4.78 with SD of 0.53, led to mobilization of resources as indicated by a mean of 4.75 with a standard deviation of 0.76 and that there was ease of implementation of tax administration measures as

indicated by a mean of 4.56 with a standard deviation of 0.51. The respondents also agreed there was gained support in tax collection as indicated by a mean of 4.33 with a standard deviation of 0.43, agreed that there was sharing of knowledge on importance of tax collection as indicated by a mean of 4.08 with a standard deviation of 0.31. This demonstrated that stakeholder engagement factors influence revenue performance at, Thika Tax Service Office.

#### **4.5 Tax Administration Policy**

The study sought extent the respondents agreed on Tax Administration Policy influencing tax performance in Thika Tax Service Office.

**Table 4. 8: Tax Administration Policy**

<b>Statement</b>	<b>Mean</b>	<b>Std Dev</b>
There is monitoring of tax collection progress	4.69	0.58
Tax law are adequate in supporting tax administration	4.78	0.64
Tax policies are easy to apply in collection of taxes	4.53	0.72
Tax policy foster tax compliance	4.56	0.77
Ease tax compliance enforcement	4.55	0.70
Support correction of tax anomalies to enhance tax collection	4.43	0.50
Enhance tax audit to increase tax payment	4.37	0.48

The Table 4. Indicate that respondents strongly agreed that tax law are adequate in supporting tax administration as indicated by mean of 4.78 with a standard deviation of 0.64, strongly agreed that there is monitoring of tax collection progress as indicated by a mean of 4.69 with a standard deviation of 0.58 and strongly agreed that Tax policies are easy to apply in collection of taxes as indicated by a mean of 4.53 with a standard deviation of 0.72. The respondents strongly agreed that tax policy fostered tax

compliance as indicated by a mean of 4.56 with a standard deviation of 0.77 and that tax policy administration ease tax compliance enforcement as indicated by a mean of 4.55. with standard deviation of 0.70. The respondents agreed that tax policy administration support correction of tax anomalies to enhance tax collection indicated by a mean of 4.43 with standard deviation of 0.50 and enhanced tax audit to increase tax payment as indicated by a mean of 4.37 with standard deviation of 0.48. This demonstrated that effective tax policy administration factor influence revenue performance at KRA Thika Service Center .

#### **4.6 Information technology Deployment**

The study sought the extent respondents agree with Information technology Deployment influence revenue performance in Thika KRA Service Center

**Table 4. 9: Information technology Deployment**

<b>Statement</b>	<b>Mean</b>	<b>Std Dev</b>
There is flexible tax payable approach	4.15	0.61
Foster accountability in tax collection	3.98	0.22
Reduction in frauds	4.07	0.60
Ease payment of tax increase tax volume	4.12	0.71
Support accessibility of revenue collection channels	4.61	0.57
Promote easier accessibility to documentation and taxpayers' records for accountability	4.65	0.54
Empowerment of taxpayer through introduction of do-it-yourself processes	4.58	0.54
Promote efficiency in tax collection	4.72	0.65
Booster to expansion of RAs revenue collection activities.	4.25	0.77

The results in Table 4.9 Respondents strongly agreed that there was promotion of efficiency in tax collection as indicated by a mean of 4.72 with standard deviation of 0.65, ICT deployment promote easier accessibility to documentation and taxpayers'

records for accountability as indicated by a mean of 4.65 with standard deviation of 0.54, ICT deployment supported accessibility of revenue collection channels as indicated by a mean of 4.61 with a standard deviation of 0.57, strongly agreed that ICT deployment foster empowerment of taxpayer through introduction of do-it-yourself processes. The results also indicated that respondents agreed that ICT usage bolstered expansion of RAs revenue collection activities as indicated by a mean of 4.25 with standard deviation of 0.77, agreed that ICT provided a flexible tax payable approach as indicated by a mean of 4.15 with standard deviation of 0.61, ICT led to reduction in frauds as indicated by a mean of 4.07 with a standard deviation of 0.60 and agreed that ICT utilization fostered accountability in tax collection as indicated by a mean of 3.98 with stand deviation of 0.22. This demonstrated that ICT deployment factor influence revenue performance to a great extent. The respondents also indicated that ICT deployment promotes risk management and fostered transparency I tax collection.

#### **4.7 Revenue Performance**

The study sought the extent respondents agreed on revenue performance in KRA Tax Service Office and the results presented in Table.

**Table 4. 10: Revenue Performance**

<b>Statement on revenue performance</b>	<b>Mean</b>	<b>Stand Dev</b>
There is increase level of tax compliance	4.68	0.64
There is increase in tax payment rate	4.55	0.56
There is increase in tax volume	4.61	0.78
There is increase in revenue expansion	4.83	0.88
Increase in tax recovery	4.28	0.49

The table 4. Indicate the results on the extent revenue performance were achieved. From the findings, majority of the respondents strongly agreed that There has been increase in revenue expansion as indicated by a mean of 4.83 with standard deviation of 0.88, strongly agreed that there was increase level of tax compliance as indicated by a mean of 4.68 with a standard deviation of 0.64 and strongly agreed that there was increase in tax volume. The results also indicated respondent strongly agreed that there was increase in tax payment rate as indicated by a mean 4.55 with a standard deviation of 0.56, reduction in tax default rate as indicated by a mean of 4.51 with a standard deviation of 0.53. Respondents agreed that KRA Thika Tax Service Office reported increase in tax recovery. This demonstrated that there were factors such as top management support, stakeholder engagement, effective tax policy administration and deployment of ICT in tax collection at KRA Thika Tax Service Office .

#### 4.8 Inferential statistics

##### 4.8.1 Correlation analysis

**Table 4. 11: Correlation between Supplier Relation management and Performance of Supermarkets**

		Revenue Performance	top management support	Tax administration policy	tax administration policy	Information technology deployment
Top management support	r	.799*	1			
	Sig (2-tailed)	.001				
Stakeholder engagement	r	.711*	.769	1		

	Sig (2-tailed)	.021	.0191			
Tax administration policy	r	.721*	.621	0.728	1	
	Sig (2-tailed)	0.037	0.050	.701	0.212	
Information technology deployment	r	.756*	.891	0.454	0.228	1
	Sig (2-tailed)	0.03	.0344	.0423	.0199	.0199

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

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

The results in Table 4.11 shows that there is a strong, significant and positive correlation between top management support and revenue performance in KRA Thika Service Center where  $r=0.799$ ,  $PV=0.001<0.01$ ), there is a strong , significant and positive correlation between Stakeholder engagement and revenue performance in KRA Thika Service Center where  $r=0.711$ ,  $PV=0.021<0.05$ , tax administration policy has a strong significant and positive correlation with revenue performance in KRA Thika Service Center as ,  $r=0.721$ ,  $PV=0.037<0.05$  and that there exist a strong, significant and positive relationship between Information technology deployment and revenue performance in KRA Thika Service Center as  $r=0.756$ ,  $PV=0.03<0.01$ . The result predicts a positive relationship between top management support, stakeholder engagement, tax administration and information deployment with revenue performance in KRA Thika Tax Service Office .

#### 4.8.2 Regression

A Multiple regression analysis was carried out to establish the relationship between revenue performance and top management support, stakeholder engagement, tax

administration and information deployment factors in KRA Thika Tax Service Office .  
The model summary results are on Table 4.12.

**Table 4. 12: Regression Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.863a	0.745	0.739	0.7850256

a. Independent Variables: (Constant), top management support, stakeholder engagement, tax administration and information deployment

b. Dependent Variable: Revenue Performance in KRA Thika Tax Service Office

Adjusted  $R^2$  is called the coefficient of determination which indicates how revenue performance at KRA Thika Tax Service Office varies with variation in top management support, stakeholder engagement, tax administration and information deployment. From table above, the value of adjusted  $R^2$  is 0. 7145. The model summary results in Table 4.12 shows  $R^2$  is 0.745, Std Error= 0.7850256 indicating that there was a significant variation between revenue performance in KRA Thika Tax Service Office and the top management support, stakeholder engagement, tax administration and information deployment factors influencing revenue performance by 74.5% at confidence level of 95%.

### ANOVA

The results in Table 4.13 presents results on goodness of fit of the regression model.

**Table 4. 13: Goodness of Fit**

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	10.132	4	2.533	2.294	.001 <sup>b</sup>
Residual	136.896	124	1.104		
Total	147.028	138			

a. Independent Variables: (Constant), supplier development, supplier collaboration, supplier performance management and supplier segmentation

b. Dependent Variable: Performance on retail stores

These results indicate that the model had an F-ratio of 2.294,  $P=0.001<0.05$ . This result ascertain the regression model adopted by the study had a significant goodness of fit as  $F=2.294$  and far exceeds the  $F$ -statistic 0.00744696 and  $PV=0.001<0.05$ .

### Beta Regression Coefficients

The results on Table 4.14 shows the regression coefficients analysis

**Table 4. 14: Beta Regression Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	3.8725	0.308		2.011	.0012
Top management support,	0.592	0.0715	0.505	0.645	0.04
Stakeholder engagement	0.529	0.044	0.519	3.515	0.03
, tax administration Policy	0.668	0.047	0.621	3.272	0.01
Information deployment	0.681	0.061	0.614	4.912	0.02

a. Independent Variables: (Constant), Supplier segmentation, supplier collaboration, Supplier development, supplier performance management and supplier segmentation

b. Dependent Variable: KRA Thika Performance

The resultant regression model took the form:

$$Y=3.8725+0.505X_1+0.529X_2+0.668X_3+0.592X_4+e.$$

The regression results also indicated that predictor top management support had a significant, positive relationship with Revenue Performance in KRA Thika Tax Service Office as  $\beta_1 =0.592$ ,  $PV=0.04$ ,  $t=0.645$ . This clearly indicated that an increase in top management support led to increase in Revenue Performance in KRA Thika Tax Service

Office by 0.505. The regression results indicated that predictor stakeholder engagement has a significant and positive relationship with Revenue Performance in KRA Thika Tax Service Office as  $\beta_2=0.529$ ,  $PV=0.04$ ,  $t=3.515$ . This demonstrated that an increase in stakeholder engagement would result into increase in Revenue Performance in KRA Thika Tax Service Office by 0.529. The predictor tax administration policy had a significant positive relationship with Revenue Performance in KRA Thika Tax Service Office as  $\beta_3=0.668$ ,  $P=0.01$  and  $t=3.272$ . This implied that an increase in tax administration policy would result into increase in Revenue Performance in KRA Thika Tax Service Office by 0.621.

The regression results indicated that predictor ICT deployment had a statistically significant and positive relation with Revenue Performance in KRA Thika Tax Service Office as  $\beta_4=0.681$ ,  $PV=0.02<0.05$ ,  $t=4.912$ . This implied that an increase in ICT deployment would result into increase in Revenue Performance in KRA Thika Tax Service Office by 0.681.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter describes the summary of findings from the study, conclusions, and recommendations of the study.

#### **5.2 Summary of Finding**

##### **5.2.1 Top Management Support**

The study established that acquisition of competent tax administrative staff, support provision of independence in staff and Support training and development of tax administrators influence revenue performance to a great (M= 4.84, 4.80, and 4.77). Top management in employee motivation, allocation of sufficient resource, foster restructuring of revenue administration and establishment of operating policies and sharing information to enhance decision making influence revenue performance at Thika Tax Service Office , KRA. From the correlation results, there is strong, significant and positive correlation between top management support and revenue performance in KRA Thika Tax Service Office where  $r=0.799$ ,  $P V=0.001<0.01$ ). From the regression results also indicated that predictor top management support had a significant, positive relationship with Revenue Performance in KRA Thika Tax Service Office as  $\beta_1 =0.592$ ,  $PV=0.04$ ,  $t=0.645$ . An increase in top management support led to the study revealed that KRA Thika Tax Service Office there was increase in revenue expansion, increase level of tax compliance, increase in tax volume, increase in tax payment rate, reduction in tax default rate, increase in tax recovery in KRA Thika Tax Service Office .

### **5.2.2 Stakeholder Engagement**

The study revealed that there is a strong, significant and positive correlation between Stakeholder engagement and revenue performance in KRA Thika Tax Service Office . Through stakeholder engagement, there is increase collaboration among stakeholders in tax administration, fostered positive attitude among stakeholders on tax compliance and implementation of tax administration and support in tax collection as well as sharing of knowledge on importance of tax collection influence revenue performance at KRA, Thika Tax Service Office . From regression results, predictor stakeholder engagement has a significant and positive relationship with Revenue Performance in KRA Thika Tax Service Office as  $\beta_2=0.529$ ,  $PV=0.04$ ,  $t=3.515$ .

### **5.2.3 Tax Administration Policy**

From the results, the study revealed that adequate tax law, supporting tax administration, monitoring of tax collection progress, Tax policies are easy to apply in collection of taxes, tax policy administration ease tax compliance enforcement , tax policy administration support correction of tax anomalies to enhance tax collection and enhanced tax audit to increase tax payment influence revenue performance at KRA Thika Tax Service Office . The study established that there exist a positive correlation between tax administration policy and revenue performance in KRA Thika Tax Service office as,  $r=0.721$ ,  $PV=0.037<0.05$ . The study established that predictor tax administration policy had a significant positive relationship with Revenue Performance in KRA Thika Tax Service Office as  $\beta_3=0.668$ ,  $P=0.01$  and  $t=3.272$ , demonstrating that an increase in tax administration policy would result into increase in Revenue Performance in KRA Thika Tax Service Office by 00.621.

#### **5.2.4 Information technology Deployment**

The study established that ICT deployment lead to promotion of efficiency in tax collection, promote easier accessibility to documentation and taxpayers' records for accountability, supported accessibility of revenue collection channels and foster empowerment of taxpayer through introduction of do-it-yourself processes. The results revealed ICT usage bolstered expansion of KRA revenue collection activities; provide a flexible tax payable approach, reduction in frauds, and fostered accountability in tax collection. ICT deployment factor contribute significantly to revenue performance to a great extent. ICT deployment promoted risk management and fostered transparency tax collections. The study revealed that there exist a strong, significant and positive correlation between Information technology deployment and revenue performance in KRA Thika Tax Service Office. From regression results, an increase in ICT deployment would result into increase in Revenue Performance in KRA Thika Service Center as there existed a statistically significant and positive relation with Revenue Performance in KRA Thika Service Center as The study revealed that KRA Thika Tax Service Office experience increase in revenue expansion, increase level of tax compliance, increase in tax volume, increase in tax payment rate, reduction in tax default rate, increase in tax recovery.

#### **5.3 Conclusions**

The study conclude that Top Management Support in acquisition of competent tax administrative staff, supporting provision of independence in staff, supporting training and development of tax administrators, employee motivation, allocation of sufficient

resource, foster restructuring of revenue administration and establishment of operating policies and sharing information to enhance decision making influence increase in revenue expansion, increase level of tax compliance, increase in tax volume, increase in tax payment rate, reduction in tax default rate, increase in tax recovery in KRA Thika Tax Service Office .

The study concluded that Stakeholder Engagement factor through increase collaboration among stakeholders in tax administration, fostered positive attitude among stakeholders on tax compliance and implementation of tax administration and support in tax collection as well as sharing of knowledge on importance of tax collection influence revenue performance at KRA, Thika Tax Service Office.

The study concluded that Tax Administration Policy that support adequate tax law, supporting tax administration, monitoring of tax collection progress, Tax policies are easy to apply in collection of taxes, tax policy administration ease tax compliance enforcement , tax policy administration support correction of tax anomalies to enhance tax collection and enhanced tax audit to increase tax payment influence revenue performance at KRA Thika Tax Service Office .

The study concluded that ICT deployment factor led to promotion of efficiency in tax collection, promote easier accessibility to documentation and taxpayers' records for accountability, support accessibility of revenue collection channels and foster empowerment of taxpayer through introduction of do-it-yourself processes, bolster expansion of KRA revenue collection activities, provide a flexible tax payable approach, reduction in frauds, and fostered accountability in tax collection. ICT deployment factor

contribute significantly increasing in revenue expansion, increase level of tax compliance, increase in tax volume, increase in tax payment rate, reduction in tax default rate, increase in tax recovery.

#### **5.4 Recommendations**

The study recommend that Top Management should continue supporting acquisition of competent tax administrative staff, supporting provision of independence in staff, supporting training and development of tax administrators, employee motivation, allocation of sufficient resource, foster restructuring of revenue administration and establishment of operating policies and sharing information to enhance decision making influence increase in revenue expansion, increase level of tax compliance, increase in tax volume, increase in tax payment rate, reduction in tax default rate, increase in tax recovery in KRA Thika Tax Service Office .

The study recommend that effort should be made to enhance stakeholder engagement through increase collaboration among stakeholders in tax administration, fostering positive attitude among stakeholders on tax compliance and implementation of tax administration and support in tax collection as well as sharing of knowledge on importance of tax collection influence revenue performance at KRA, Thika Tax Service Office .

The study recommends that tax administration law should make adequate and efficient to promote revenue performance. Tax Administration Policy contribute to adequate tax law, support tax administration, support monitoring of tax collection progress, Tax policies are easy to apply in collection of taxes, tax policy administration ease tax compliance enforcement, tax policy administration support correction of tax anomalies to enhance tax

collection and enhanced tax audit to increase tax payment influence revenue performance at KRA Thika Tax Service Office.

The study recommend that executive in KRA should implement measure that would increase utilization of ICT in tax administration. This would result into increased in utilization of technologies in administration of tax and result into promotion of efficiency in tax collection, promote easier accessibility to documentation and taxpayers' records for accountability, support accessibility of revenue collection channels and foster empowerment of taxpayer through introduction of do-it-yourself processes, bolster expansion of KRA revenue collection activities, provide a flexible tax payable approach, reduction in frauds, and fostered accountability in tax collection. ICT deployment factor contribute significantly increasing in revenue expansion, increase level of tax compliance, increase in tax volume, increase in tax payment rate, reduction in tax default rate, increase in tax recovery.

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## APPENDICES

### Appendix I: Consent To Collect Research Data

Doreen Musee

PO.BOX 107401

NAIROBI

PHONE: 0721858869

Dear sir/madam

#### RE: CONSENT TO COLLECT RESEARCH DATA

I am a student from in Kenya School of Revenue Administration. I am pursuing a Diploma in course in Tax Administration Kenya School of Revenue Administration (KESRA). The research paper is entitled: ***FACTORS INFLUENCING REVENUE ENHANCEMENT***

*(A Case Study of Thika Tax Service Office, Kenya Revenue Authority)*

You have been chosen. I would wish to administer questionnaire whereby the respondent's name will not be required to enhance confidentiality. No respondent will be forced to participate in the exercise. For informed consent; I will provide student and parent consent forms. I am also request for assistance in accessing office for further assistance in reaching out the respondent.

Once I have conducted the research, I promise to share the findings with your office.

I would be grateful if you consider my request.

Yours Faithfully,

Doreen Kasyoka Musee

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## **Appendix II: Questionnaire**

This questionnaire has statements regarding **Factors Influencing Revenue Enhancement (A Case Study of Thika Tax Service Office, Kenya Revenue Authority)**. Kindly take few minutes to complete the questionnaire as guided. Your responses will be handled confidentially and ethically.

Please do not write your name or title anywhere in the questionnaire. Respond to each item by putting a tick on the appropriate response.

### **Section A: General Information**

1. Please indicate your gender

Female            [   ]

Male              [   ]

2. Kindly Indicate your age bracket

20-30 yrs        [   ]

31-40 yrs        [   ]

41-50 yrs        [   ]

51 and above [   ]

3. Kindly indicate the highest level of education attained

College            [   ]

University        [   ]

Postgraduate     [   ]

4. For how long have you been working at in your Thika Tax Service Office ?

- Less than 5 years [ ]
- 5 to 10 years [ ]
- 11 to 15 years [ ]
- Above 15 years [ ]

**SECTION B: FACTORS INFLUENCING REVENUE ENHANCEMENT**

**Part A: Top Management Support**

5. To what extent do you agree with the following statements on Top Management Support and revenue enhancement in your KRA Thika Tax Service Office?. Use a scale of 1-5 where , 1-Strongly Disagree,2-Disagree, 3-Neutral,4- Agree and 5- Strongly Agree

Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Acquisition of competent tax administrative staff					
Employee motivation					
Allocation of sufficient resources					
Foster restructuring revenue administration					
Establishment of operating policies					
Support provision of independence in staff					
Support training and development of tax administrators					
Share information to enhance decision making					

6. In your own opinion, indicate how top management support influence revenue enhancement in your Thika Tax Service Office?  
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**Part ii: Stakeholder Engagement**

7. To what extent do you agree with the following as related to stakeholder engagement on revenue enhancement in your Thika Tax Service Office? Use a

scale of 1-5 where , 1-Strongly Disagree,2-Disagree, 3-Neutral,4- Agree and 5- Strongly Agree

Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Gain support in tax collection					
Sharing of knowledge on importance of tax collection					
Foster positive attitude among stakeholders on tax compliance					
Mobilization of resources					
There is increase collaboration among stakeholders in tax administration					
Ease implementation of tax administration measures					
There is increased cooperation among the stakeholders					

8. In your own opinion, indicate how stakeholder engagement influence revenue enhancement in your Thika Tax Service Office

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**Part III: Tax Administration Policy**

9. To what extent do you agree with the following statements on Tax Administration Policy influencing tax enhancement? Use a scale of 1-5 where , 1-Strongly Disagree,2-Disagree, 3-Neutral,4- Agree and 5- Strongly Agree

Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
There is monitoring of tax collection progress					
Tax law are adequate in supporting tax administration					
Tax policies are easy to apply in collection of taxes					
Tax policy foster tax compliance					
Ease tax compliance enforcement					
Support correction of tax anomalies to enhance tax collection					
Enhance tax audit to increase tax payment					

10. In your own opinion, explain how you tax administration policy influence revenue enhancement in your Thika Tax Service Office?

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**Part iv: Information technology Deployment**

1. To what extent you agree with the following statements on Information technology Deployment influence revenue enhancement in your Thika Tax Service Office? Use a scale of 1-5 where , 1-Strongly Disagree,2-Disagree, 3-Neutral,4- Agree and 5- Strongly Agree

Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
There is flexible tax payable approach					
Foster accountability in tax collection					
Reduction in frauds					
Ease payment of tax increase tax volume					

Support accessibility of revenue collection channels					
Promote easier accessibility to documentation and taxpayers' records for accountability					
Empowerment of taxpayer through introduction of do-it-yourself processes					
Promote efficiency in tax collection					
Booster to expansion of RAs revenue collection activities.					

2. In your own opinion, describe how Information technology Deployment contribute to revenue enhancement in your Thika Tax Service Office?

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**Part vi: Revenue Performance**

1. Indicate the extent you agree with the following statement on revenue enhancement in your Thika Tax Service Office. Use a scale of 1-5 where , 1-Strongly Disagree,2-Disagree, 3-Neutral,4- Agree and 5- Strongly Agree

Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
There is increase level of tax compliance					
There is increase in tax payment rate					
There is increase in tax volume					
There is increase in revenue expansion					
Reduction in tax payment default					
Increase in tax recovery					