

**EFFECTS OF COMMUNICATION CHANNELS ON LEVEL
OF VAT COMPLIANCE IN KENYA: A SURVEY OF NAIROBI
CENTRAL DISTRICT**

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DECLARATION

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This research project is my original work and has not been presented to any other examination body or award.

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This research project has been submitted to Jomo Kenyatta University under my noble supervision.

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I thank the Almighty God for being my guide, protector and for giving me good health and strength to complete this work. I also thank my supervisor Mr. Simiyu for guidance and support for the entire process. I also acknowledge my dear husband for financial and moral support.

DEDICATION

This project is dedicated to my Husband and my two children for their invaluable support and prayers offered.

May God bless them all.

ABSTRACT

The purpose of this study was to determine the effect of communication channels on level of VAT compliance in Kenya. The study covered Nairobi central district. It further, describes the statement of the problem explaining why VAT compliance is an issue in Kenya and communications Channels such as social media, telephone communication and web portal need to be effectively utilized as a means of communication like in other developed countries to mitigate the communication gap. Research objectives and questions were outlined in relation to the research topic. The scope of the study was described in detail and finally a justification for this research was clearly outlined. Chapter two discusses exploration of communication channels and how they affect VAT compliance. The discussions were based on three chosen theories that provided the theoretical background of this study. The existing empirical evidence for each variable and a conceptual framework of the same followed this. Critics of existing literature advanced by different scholars was discussed at length. A summary was drawn from the literature outlined. Chapter three outlined the research methodology that was used in this study of effects of communication channels on level of VAT compliance in Kenya. It provides the following subsections: the research design, target population, sampling frame, sample and sampling technique, data Collection Instruments, data collection, pilot testing, and data collection tools and procedures and data analysis. The researcher presented the findings starting with response rate followed by the background information of the respondents. Findings were presented in both descriptive and inferential statistics. Lastly, chapter five the findings also revealed that there is a positive correlation between social media, telephone communication and web portal with VAT tax compliance. The research established that KRA should embark on revamping communication channels such as Social media, Facebook, Twitter, and You tube. Another channel of communication that needs to be enhanced is telephone communication use of SMS and continuous follow up on taxpayers reminding them on their tax liabilities to improve VAT compliance. The findings also revealed that KRA should invest on a search engine optimized website, which is user centric and simple for it to improve its communication with its loyal taxpayers. This will significantly improve the level VAT tax compliance. The findings indicate that 65.9% of VAT tax compliance is attributed to a combination of the three independent factors investigated in this study (social media, telephone communication and web portal).

DEFINITION OF TERMS

Facebook- is a popular free social networking website that allows registered users to create profiles, upload photos and video, send messages and keep in touch with friends, family and colleagues. Oxford Dictionary (2016)

Tax administration is defined by US federal tax as that act of administration, management, conduct, direction and supervision of tax revenue obligation. It is usually executed by tax enforcement officers who collect and single out those that fail to honour their tax obligation (Moosa, F. 2018).

Twitter- is an online social networking and micro blogging service that enables users to send and read tweet, which are text messages limited to 140 characters. Registered users can read and post tweets, but unregistered users can only read them. (Merriam Website, 2018)

Social Media -defined as the democratization of information by transforming people from content readers into publishers. It is the shift from a broadcast mechanism, one-to-many, to a many-to-many model, including the means of interaction among people in which they create, share, and exchange information, ideas, thoughts in virtual communities and social networking sites. (Solis, 2010)

Value Added Tax is a multistage consumption tax applied to the sale of goods and services at all stages of the production and distribution chain. Only registered traders are required to charge VAT, and for a trader to qualify for registration under VAT, he or she must have an annual sales turnover of Kshs.5 million. (PSC, 2010)

Website - is a group of World Wide Web pages usually containing hyperlinks to each other and made available online by an individual, company, educational institution, government, or organization. (Merriam Website, 2018)

LIST OF ABBREVIATIONS

CAK	Communications Authority of Kenya
CBD	Central Business District
IBM	International Business Machines
ICTD	International Centre for Tax Development
KNBS	Kenya National Bureau of Statistics
KRA	Kenya Revenue Authority
OECD	Organization for Economic Cooperation and Development
PEOU	Perceived ease-of-use
PKF	Pannell Kerr Forster - is a global network of accountancy firms
PU	Perceived usefulness
RRA	Rwanda Revenue Authority
SEO	Search Engine optimization
SMEs	Small and Medium Enterprises
SMS	Short Message Service
TAM	Technology Acceptance Model
UNCTAD	United Nations Conference on Trade and Development
VAT	Value Added Tax

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CHAPTER ONE: INTRODUCTION

1.0 Introduction

This chapter presents the background of the research on the effect of communication on level of VAT compliance in Kenya. The study covered Nairobi central district. It further, describes the statement of the problem explaining why VAT compliance is an issue in Kenya and how various communications Channels can be effectively used to improve compliance. It highlights how the problem needed to be investigated due to identified gaps. Research objectives and questions were also outlined in relation to the research topic. The scope of the study was described in details and finally a justification for this research clearly outlined.

1.1 Background of the Study

In order to achieve maximum efficiency in tax compliance and revenue collection, tax administrators need to continuously improve their services to taxpayers and make taxation simpler. There is also need for regular, open and timely communication with taxpayers. (Croatia Tax Administration, 2012). Achieving VAT compliance is a challenge on VAT hassling most countries globally, especially the developing country. VAT compliance on e-commerce is the extraordinary level of interaction between consumers from all over the world on websites and low security levels such as EBay, Amazon, PayPal, Google ads, Facebook, OLX, Sokoni etc. (Kaplan and Haenlein, 2010). Tax compliance is central to effective tax administration and creating an environment in which voluntary compliance is the norm, requires considerable on-going effort on the part of tax authorities (Oats & Onu, 2018)

Value Added Tax is a multistage consumption tax applied to the sale of goods and services at all stages of the production and distribution chain. Only registered traders are required to charge VAT, and for a trader to qualify for registration under VAT, he or she must have a minimum annual sales turnover of Kshs.5 million. (PSC, 2010) further to that willful registration has also been embraced for those who would like to transact with the government or related bodies. Taxable goods and services are contained in the various schedules to the VAT Act. VAT is levied on consumption of taxable goods and services supplied or imported into Kenya and are collected by registered persons at designated points who then remit it to the Commissioner. Registered persons only act as VAT agents. VAT is imposed by Kenya revenue Authority (KRA) as per the laws of the Value Added Tax Act 2013. The VAT paid on inputs in turn is

claimed as credit when registered taxpayers declare output VAT on their sales (VAT Act 2013 Sec 17)

A report by UNCTAD (2010) suggests that taxpayers with higher levels of tax knowledge through training tend to have positive attitudes towards adoption of VAT. This can only be achieved if the level of communication between taxpayers and tax administrators are in frequent engagement either through face to face interactions, social media, telephone by SMS or phone calls and also communicating through a website. For this reason, tax authorities have used different approaches to enforce tax compliance and determining which regulatory enforcement strategy will be the most effective in gaining long term voluntary compliance from taxpayers is a challenge for all tax authorities around the world.

Palil & Mustapha, (2011) define tax compliance as a process in which taxpayers file all the required tax returns by declaring all income accurately and paying the exact tax liability using applicable tax laws and regulation. VAT in general continues to perform below expectations despite the increased taxable business transactions, especially among firms dealing with the registered withholding tax agents. The recent pin suspension initiative implemented by KRA was employed to all individuals and firms which either had registered for VAT and have not been filed or those transacting in vatable supplies and did not declare them, revealed that the number of businesses transacting with vatable supplies is either nil or non-filers and could be three times the number of businesses that are actually registered and filing their returns. Therefore, improving tax compliance is a top priority for tax authorities as a means to minimize high auditing costs and increase tax revenue. These needs are especially salient given the current state of the world economy. (Brondello 2009; Bloomberg 2011) also resonates with Mustapha and suggested that finding ways to improve tax compliance has also drawn significant attention to a number of researchers. Communication, involves the use of modern technology such as mobile phones, social media and website to communicate with taxpayers on issues that directly affect them.

1.1.1 Global perspective of communication channels on VAT compliance

Revenue bodies have a variety of methods (hereafter referred to as “channels”) at their disposal for delivering services to individual taxpayers and their representatives. These include the operation of physical sites (e.g. Office inquiry centers) enabling face-to-face contacts, the provision of phone inquiry services (including through the use of modern call center facilities), communication by written correspondence using normal postal services, and increased through

the provision of electronic services through the Internet and other mechanisms. However, each of these channels is subject to varying strengths and weaknesses, not to mention cost considerations.

Globally, communication from a national tax agency has the potential to be an effective tool for encouraging compliance. In the past, communication and public relations practitioners have managed mass media because their messages were mainly distributed to the public via mass media such as television, radio, newspapers, and magazines. With the development of communication technologies, a transition has occurred from media management to the management of the public. The new environment of social media in public relations has led to increased attention to the relationships between organizations and the public that use social media because the meaning of public has transitioned along with the development of media channels (Atabek, 2012).

Communication plays an important role in the development of trust within an organization and engagement of best practices. The experience of the Lao People's Democratic Republic, where a multimedia informational campaign preceded the introduction of the value-added tax (VAT), influencing public opinion and paving the way for the reform. Several studies have demonstrated the central role that communication plays in developing and maintaining trust. Trust and communication have been shown to enhance such organizational outcomes as employee participation and job performance (Ruppel & Harrington, 2000). Taxpayers will exhibit higher levels of trust when they believe the information they are receiving from the tax institution is accurate, timely, and or useful because the amount of information reduces vulnerability. The quantity of information or information adequacy speaks to whether taxpayers feel adequately informed. Thus, these arguments suggest that a strong relationship exists between communication and trust.

IBM, (2015) stated in their report that the gap between taxes owed to the government is a global phenomenon hassling both developed and developing countries. Closing the tax gap will positively impact the trust in the tax system on the part of those who voluntarily pay what they owe and increase country revenue collection. It further highlighted that tax administration must find ways to reduce operational expenses while maintaining the level of productivity. Enhancing communication to its citizen is a matter that needs to be enhanced to increase the ever-changing customer needs. Citizens are used to having any product or service available to them anywhere, anytime, on any device. Tax agencies are grappling with how to meet these

expectations in a way that drives business value with legacy systems not designed to support such services (IBM report, 2015). One of the effective ways of improving compliance while reducing operational expenses is through continuous communication.

Pew Internet Research Center (2010) defined social media as an umbrella term that is used to refer to a new era of web-enabled applications that are built around user-generated or user-manipulated content, such as Wikis, blogs, podcasts, and social networking sites (Pew Internet Research Center, 2010). In recent years, social media has exploded as a category of online discourse where people create content, share it, bookmark it and network at a prodigious rate (Stephens & Malone, 2008). Stephens & Malone (2008) identified five key characteristics of social media: collectivity; connectedness; completeness; clarity and collaboration lend itself to be used increasingly to support crisis management functions. Social media provides convenient and effective methods to build relationships with stakeholders, the public, and media, to follow public perception and mitigate problems. Social media is the only “billboard” that can communicate to tax payers by answering their questions, and providing them with feedback, all at the comfort of one’s office.

Kenya’s mobile and Internet penetration in 2015/16 was higher than 88% and 112.7%, respectively, with 99% being connected via Mobile devices (CAK report, 2017). KRA should therefore introduce electronic end-to-end processes, mobile payment options, and ATMs. By using these channels for simple taxpayer transactions (such as declarations and payments), a tax administration shall increase the level of voluntary payments while conveying a strong sense of its public purpose. Such approaches reduce the length of queues at tax offices while also removing a barrier to compliance.

1.1.2 Communication channels and VAT compliance in Africa

In a study commissioned by the Rwanda Revenue Authority (RRA) and conducted in partnership with the African Tax Administration Forum and International Centre for Tax and Development, it was found that tax compliance increases with enhanced communication. The research findings showed indicated adjustments that RRA ought to incorporate into their communication strategy such as personalised messages to clients that include their tax account details. The study also showed that technology-based communication, such as emails and SMEs, tend to have more impact compared to traditional forms such as letters (Mukama et al, 2017). The study involved 3000 personal income taxpayers and about 10,800 corporate income taxpayers. The finding further revealed that by improving and enhancing communication

during the pilot study of the initiative, the tax agency saw an increase in tax compliance by 20 per cent after raking in \$9 million in extra revenue. The research did show that through different methods of communication to the various tax bases, there was an improvement in efficiency. However, different methods have different impact on different tax payer categories (Mukama et al, 2017).

The taxpayer service delivery function plays a crucial role in the administration of the tax legislation in all countries. Providing services that are user-friendly, in the sense of being accessible and understandable for all, helps to maintain and strengthen the taxpayers' willingness to comply voluntarily and thereby contribute to improvements in overall levels of compliance with the laws. For some time now, revenue bodies have provided more accessible information, including VAT services through the use of new technology (for example by building on-line capability or making information available 24 hours a day, 7 days a week in Africa (OECD, 2014)

1.1.3 Communication channel and VAT compliance in Kenya

Broadening the revenue base means that KRA has to reach and engage with the current vast untaxed and noncompliant population. To achieve this reach efficiently and at minimal cost, KRA must rely on digital technology as a key tool for the enhanced taxpayer recruitment efforts. Technology will also play a role to enhance voluntary compliance and to combat tax evasion and fraud through digital outreach programs and brand awareness via the internet and mobile communication. With the same breadth, KRA must transform their website staff members to deliver great service effortlessly via tools and apps designed to improve customer journeys and overall user experience if properly designed (KRA content strategy, 2017)

KRA has a taxpayers' services section which among the other services deal with taxpayers' education whose main objectives is to educate taxpayers on their rights and obligations to create tax awareness so as to enhance voluntary compliance with the tax law as well as broadening the tax base and widening the tax net by recruiting of taxpayers. It also sends all important communication to taxpayers and informing them on some of the legislative changes such as changes in Finance acts, Income tax Acts, Vat Acts and Tax Procedures Act. KRA has also embraced the social media platform to educate taxpayers through seminars, media talk shows, website, Facebook page, Twitter handle and YouTube (Stori Za Ushuru) among others in a bid

to improve tax compliance Wandera.(2018). Recently KRA has also revamped the contact centre by employing more employees to answer taxpayers' calls and respond to their emails at their comfort zone. All these are efforts to improve service delivery to taxpayers and facilitate trust to enhance voluntary compliance.

1.2 Statement of problem

Implementing effective communication strategies has become very critical in increasing tax compliance in Kenya. The tax administrators such as KRA endeavour trying to build relationships with the taxpayers based on trust with an aim of providing them with all the necessary information related to taxes and obligatory contributions, at the same time informing the taxpayers about their rights. (KRA 6th Corporate Plan, 2015). This approach is intended to contribute to raising awareness that paying taxes is not only a law-imposed obligation, but an act of moral responsibility, of every taxpayer, a key element of achieving sustainability of the country's overall economy. Additionally, it is envisaged that this will establish a more open relationship with the taxpayers. (KRA 6th Corporate Plan, 2015)

PKF report, (2017) indicates about 70 per cent of Government suppliers had not complied with VAT. In late 2017, KRA suspended 95,000 PINs of taxpayers who had either traded in vatable products or services and did not declare or had VAT obligation and had not filed or paid their tax due. This could be attributed to inadequate knowledge in operation and compliance with VAT. As a result, KRA is making every effort to improve existing communication channels and is developing new ones. As to whether the effort of raising awareness and building open relationship with the taxpayer has enhanced compliance as envisaged, especially with VAT obligation in the 6th corporate plan, is a matter that needs to be investigated. Available information indicates that a significant percentage of registered VAT firms are Nil or Non-filers, (KRA iTax system reports, 2018). For example, within a period of March 2018 to July 2018, VAT filing report, a total of 51,422 VAT registered taxpayers in Nairobi CBD filed nil returns. Additionally, 3,561 of the VAT had a zero liability while others did not file at all (iTax report ,2018).

Over time, KRA has adopted a different approach of building trust while collecting taxes. KRA is cognizant of the fact that the first step to improving tax compliance is by building trust through facilitation. In the Sixth Corporate Plan, KRA aimed to raise customer satisfaction level to 80% from 65% in 2014/2015. This entails revamping communication approaches to taxpayers by adopting modern communication strategies such as using mobile phones,

communicating via social media, emails and also leveraging on technology such as Search Engine Optimized (SEO) websites.

Available studies that exist, only concentrate on the effect of tax education and factors affecting general tax compliance. For instance, Nganga (2018) indicated that tax awareness and proper education have a positive effect on tax compliance. However, communication channel was not highlighted. Machogu and Amayi (2013) carried a study on the effect of taxpayer education on voluntary tax compliance, among the SMES in Mwanza city- Tanzania. From the findings, it is stated that a taxpayer will only comply if they are made aware of when to pay their tax due, how to pay and why they pay. Imenez, Mac Sionnaigh, & Kamenov, (2013) looked at the use of information technology (IT) solutions by tax administrators to meet operational and strategic needs. The study concludes that innovative tax, information systems will enable the tax authority to achieve its long-term strategic goals for example effectiveness and efficiency in collecting taxes. From the existing literature, none has addressed the effect of communication channels on VAT compliance. This study is therefore, seeking to bridge the gap by establishing the effect of communication channels on level VAT compliance.

1.3 Research objective

1.3.1 General objective

The main objective is to establish the effect of communication channels on level VAT compliance.

1.3.2 Specific objectives

- i) To find out the effect of social media on VAT tax compliance
- ii) To find out the effect of telephone communication in enhancing VAT compliance
- iii) To determine the effect of using web portals on VAT compliance

1.4 Research questions

- i) What is the effect of using social media in VAT compliance?
- ii) What is the effect of telephone communication in enhancing VAT compliance?
- iii) What is the effect of using web portals on VAT compliance?

1.5 Justification of the study

The findings of the study will help the Kenya Revenue Authority to establish the best channel of communication and utilize them to communicate VAT compliance issues. The study will suggest possible ways of revamping communication approaches to enhance VAT compliance.

It will also be useful for the Kenya government to concentrate only on the best approaches to communicate with its taxpayers to encourage voluntary compliance. Similarly, the recommendations will provide useful suggestions to the government to enable them to deal with the challenges of noncompliance in Kenya as far as VAT obligation is concerned. Financial institutions and investors in technologies will find the information useful when leveraging communication technology systems in their businesses. Finally, the study results and recommendations may provide useful information to scholars carrying out research in matters pertaining to communication and VAT tax compliance.

1.6 Scope

The study was conducted to find out the effect of communication channels on VAT tax compliance. The scope of the study was limited to, income earners within the Central Business District. Currently the number of registered businesses within the CBD is 6050. Using fishers model the target population was calculated based on the total population.

1.7 Limitation of the study

The study was limited to effects of communication channels on the level of VAT compliance with a bias to social media, telephone and web portal channels. The researcher only focused on these three major communication channels. The researcher faced challenges in obtaining information from taxpayers who most of them were not comfortable giving any information pertaining to tax matters. This was due to the fact that some information if genuinely declared could put them in problems. The limitation was mitigated by explaining to the respondents the importance of the research and assuring them anonymity and secrecy of their views hence respondents gave socially acceptable responses. The researcher also put a disclaimer in the questionnaires that individuals or business premises names were not to be written anywhere in the form. Time was also a major challenge from the researcher as the researcher was also on full time employment. This was sorted out by a researcher taking two weeks leave to collect and analyse data within stipulated time frame.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter discusses exploration of communication channels and how they affect VAT compliance. The discussions are based on three chosen theories that provide the theoretical background of this study, followed by the existing empirical evidence for each variable and a conceptual framework of the same. Critics of existing literature that have been advanced by different scholars are also discussed at length. In conclusion, a summary was drawn from these reviews of literature and the research gap discussed in detail. The use of enhanced communication to increase tax compliance has been tried and tested in middle and high-income countries and yielded positive results (ICTD, 2016). In addition, there have been experiments in several countries examining how providing information to taxpayers affects behaviour and tax compliance (Walsh, 2012).

2.2 Theoretical reviews

This study borrowed heavily from existing research that is increasing. It was influenced by the following theories; The Technology of Acceptance Model, the Uncertainty reduction theory of communication, and the Theory of Inspired Confidence which have been put across by various scholars with regard to adoption of channel communication using technology in society. The theories were discussed in the context of the topic of study, which was the effect of communication channels on VAT compliance in Nairobi CBD.

2.2.1 Technology Acceptance Model (TAM)

The technology acceptance model (TAM) is an information systems theory that models how users come to accept and use a technology. The model suggests that when users are presented with a new technology, a number of factors influence their decision about how and when they will use it, notably: Perceived usefulness (PU) – “this is the degree to which a person believes that using a particular system would enhance his or her job performance”; and Perceived ease-of-use (PEOU) – “this is the degree to which a person believes that using a particular system would be free from effort" (Davis 1989).

TAM proposes external variables as the basis for tracing the impact of external factors on two main internal beliefs, which are perceived usefulness and perceived ease of use, while perceived ease of use also affects perceived usefulness over and above external variables. These

two beliefs, both influence users' attitude toward using an information system (Wang & Liu, 2005). TAM has been proven to be a model for predicting system's usage behaviour. Although information systems researchers have investigated and replicated the TAM and agreed that it is valid in predicting the individual's acceptance of various corporate ITs, TAM's fundamental constructs do not fully reflect the specific influences of technology and usage-context factors that may alter the acceptance of the users. As Davis noted, future technology acceptance research needs to address how other variables affect usefulness, ease of use, and user acceptance. However, factors affecting the acceptance of a new IT are likely to vary with the technology, target users, and the context. Recent research has indicated that "trust" has a striking influence on user willingness to engage in online exchanges of money and personal sensitive information. Therefore, perceived ease of use and perceived usefulness may not properly explain the effect of channel communication on VAT compliance. Consequently, it becomes necessary to search for additional factors that can better predict the effect of communication on tax compliance.

The theory is crucial in this study since it explains how and when taxpayers will be willing to comply with VAT if various communication channels such as a functional website, social media such as Twitter and Facebook. Therefore, the perceived ease of use and perceived usefulness of three of the above-mentioned communication channels will influence taxpayer behaviour towards online filing and payment of VAT hence enhance compliance.

2.2.2 The Uncertainty Reduction Theory of communication.

The uncertainty reduction theory was posited by Charles Berger and Richard Calabrese (1975) and offers clues to how an organization can both develop strong relationships with stakeholders before a crisis as well as how to minimize uncertainty during the crisis. The uncertainty reduction theory was originally created to explain the communication process that occurs when the two strangers interact. Charles Berger and Richard Calabrese (1975) observed that when we interact with strangers, we experience uncertainty because we don't really know what to expect. Berger and Calabrese claim that as the interaction proceeds, we gain information that quickly reduces our uncertainties. However, there have probably been times where you didn't really worry about finding out anything about the stranger because you never expected to see the person again or it wasn't someone with whom you wanted to pursue a relationship.

This theory proposes that in communication situations, both parties will actively seek to eliminate uncertainty and predict the other's behaviors to determine if the relationship is worth

continuing. The more similarities the parties perceive between themselves, the more predictable the interaction, which allows for future communication and a reduction in uncertainty. The same is true of organizations and their stakeholders. An organization can reach out to interact with customers and stakeholders through websites, blogs, Facebook, Twitter, and other social media networks, thereby developing relationships and trust. The theory is therefore relevant to the study as it will help the researcher to explore how communication channels enhance VAT compliance in Nairobi CBD.

2.2.3 Theory of Inspired Confidence

The theory states that stakeholders demand accountability for the management in return for their contribution to the organization as stated by Due, (2003). The theory of inspired Confidence was made on the assumptions that stakeholders want to know how their resources are utilized and that the managers are responsible and geared towards the same objectives as stakeholders. If the information is made available to taxpayers through communication channels such as social media, telephone communication and through a search engine optimized responsive website then the VAT taxpayers will be inspired to comply. The theory asserted that it is through audited financial statements that the accountability can be substantiated. This should be followed up by communicating to taxpayers what happens with their taxes and why it is important to remit their taxes in good time. This will not only inspire the taxpayers but also make them comply since they understand what transpires with their taxes and hence will continue working to ensure they support various development projects funded by taxpayers. This will only be achieved when a communication strategy is put in place.

2.3 Empirical Review

In a research study done by (Mascagni, Nell, & Monkam, (2017) it was discovered that messages which simply remind taxpayers of deadlines are highly effective in increasing compliance. It was also established that a friendly approach to taxpayers, including both information about how tax is spent and gentle reminders of deadlines, seems generally more effective than deterrence. The results showed that non-traditional ways to communicate with taxpayers, such as SMS and emails, can be highly effective and lead to substantial increases in declaring taxes. In low-income contexts, this finding is particularly important as governments are constantly looking for cost-effective ways to achieve policy goals, in the context of very limited resources.

Tax information needs to be communicated properly to the taxpayers, for example information about tax return, tax audit. James, Betty and Michael (2004) did a study on the effects of communication among taxpayers on compliance. The results of the study indicate that “unofficial” communication has a strong indirect effect that increases compliance, but that “official” communication may not encourage voluntary compliance. It is also argued that communication has a possibility to indirectly influence voluntary compliance through a trust. Research shows that the quality of information is associated with higher levels of trust (Folger & Konovsky, 1989; Konovsky & Cropanzano, 1991; Simons, 2002; Whitener, Brodt, Korsgaard, & Werner, 1998).

A research study by (Mascagni & Santoro, 2018) observed that social media is often being used to boost citizen engagement and tax compliance and one of the best examples is the Kenya Revenue Authority’s (KRA’s) Twitter account, @KRACare. KRA launched a campaign called Mkenya Mtrue, with the hashtag #LipaUshuru, which provides information on how to file taxes online. Another study done by the OECD (2011) examined the potential for social media technologies to be used to the benefit of both the tax agency and the taxpayer population. The study noted that the use of social media technologies varies among countries, with Japan, Korea and North America using blogs more than the rest of the world, but that mapping regional differences is not helpful given the rapidly changing environment.

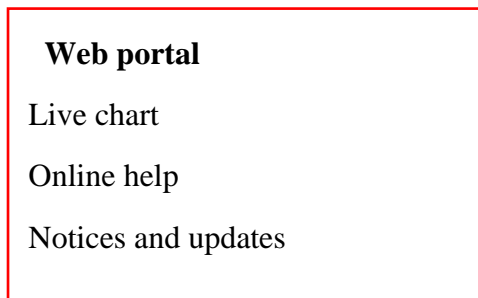
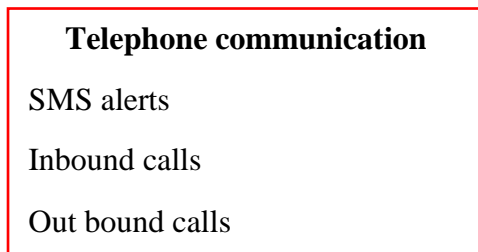
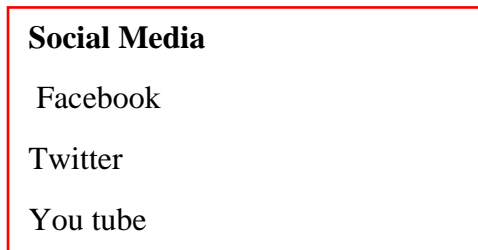
A study by the OECD (2010) suggests that every action or message from tax administrations should “resonate” with the behavioural factors and that tax administrations should be alert to public misconceptions or inaccuracies that may impact on behaviour. The challenge for tax administrations is to communicate the message that most taxpayers are honest, but those that are not are successfully pursued. This should be the central message of the tax administration, but there is scope for variation regarding norms, deterrence, fairness and other factors.

Perhaps the most well-established example of this type of preventative approach is the “Right from the Start” model adopted by the Sweden Tax Agency. This involves developing a more holistic view of the taxpayer based on knowledge acquired and research conducted. The approach incorporates education, active engagement with taxpayers and representatives, making it easier to comply and building both trust in the administration and positive norms. The framing of, and language used, when communicating with taxpayers will have a significant influence on behaviour. Even simple changes can make a difference (Walsh, 2012).

2.4. Conceptual Framework

This research study proposes a conceptual framework in which the independent variables are social media, mobile communication and web portals and the dependent variable is the tax compliance. These are conceptualized the relationship between communication channels and their effects on VAT compliance.

Independent Variables



Dependent Variable

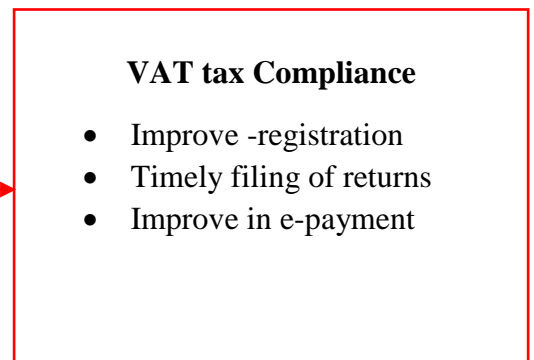


Figure 2.1: Conceptual Framework

2.4.1 Social Media

Social media technologies (SMTs) are the new and personalized face of the Internet. Their arrival and development bring promises of stratified personal contact and new forms of communication and interaction with potentially large and growing numbers of tax system stakeholders. While the breadth of revenue body experience with SMTs to date is relatively limited, it appears overwhelmingly positive because they offer virtually free online word-of-

mouth marketing, they enable positive dialogue, they facilitate the recruitment of users for product testing/ innovation; and they can contribute to revenue administration image building (OECD, 2011).

Tax agencies need to learn how to utilize social media to better understand taxpayers as well as put forward their own messages. A good number of tax administrations are already using websites like LinkedIn and Monster for recruiting and are posting recruiting or educational messages on YouTube. But this is just a small part of the potential. There will be a steep learning curve in how to get business value from these channels. One of the first steps begins with the acquisition of analytical tools that can be used to gather and analyze content from social media so that impact can be assessed. Additionally, it is almost certain social media is being used by some percentage of employees in the tax administration especially younger employees. Tax administrations need to understand this reality to gain business value inside the organization -- for education, broader knowledge management, team activities and community building. Business daily, (2015). As a double-edged sword, digital social media provides an opportunity to foster compliance by providing intelligence that can be used to inform the tax authority messaging. It also provides an opportunity for the spread of misinformation to the detriment of tax morale, potentially undermining tax authority efforts to improve compliance (Oats & Onu, 2018).

2.4.2 Telephone Communication

Researching Compliance in Rwanda, Africa's first large scale tax experiment revealed that deterrence does not seem to be the most effective way to achieve compliance increases in Rwanda. In general, Rwandan taxpayers responded more to friendly messages, either gentle reminders of deadlines or information related to the importance of tax revenues to finance public services. The experiment also demonstrated the efficacy of non-traditional channels of communication, such as emails and SMS messages, in achieving substantial increases in declaring taxes. The cheaper options of SMS and emails also proved to be highly effective, with emails even outperforming the hand-delivered letters. Use of text messaging has numerous merit, first and foremost. They are short and a good way to communicate small bits of information that can be received and replied to at their own leisure. These days people are rarely not within arm's reach of their mobile device, so it isn't a surprise that more people are

using their smartphones than computers; so it is a perfect platform to engage with one's tax payers.

McKinsey Consulting (2016) stated that digital communication strategy is to include a matrix of tactical, institutional and initiative-specific messages. In terms of tone and delivery, it should incorporate thematic appeals that have an emotional element—for example, linking the use of tax revenue to the funding of schools or highlighting sanctions for failure to comply. Other messages, such as explaining changes in tax laws or procedures, can be purely informative. Effective communication promotes voluntary compliance.

Communication about tax programs should address three areas: Promoting the benefits of paying taxes, educating taxpayers about how to comply, and, Increasing the perception of risk for noncompliance

2.4.3 Web Portals

A web portal refers to a “smart portal” that brings information together from diverse sources in a way that allows for a degree of tailoring by both the administration and the user. This configuration and customisation allows information to be presented to the user either proactively or in response to service requests, in ways that reflect past use or preference. To deliver a service, a web portal draws information from a variety of sources, particularly accessing Big Data. Web portals assist in the provision of proactive information and services to taxpayers that can be better customized to their situations. Therefore, a modern web portal solution typically represents a complicated collection of webpages dedicated to various aspects of service and compliance (OECD, 2016).

Under article 35 of Kenyan constitution, all government bodies are mandated to publish any important information affecting the nation (Constitution of Kenya, 2010). A Corporate website is that very online presence is a solution a revenue authority could provide to its loyal taxpayers to enable them get the right information at the right place at the right time with regards to tax administration matters. Web portals can also enable the provision of efficient online assistance to taxpayers using chat or virtual video assistant facilities including those that employ artificial intelligence tools. Providing taxpayers with in-channel help is essential to retain taxpayers in digital self-service channels. This in-channel help should include simple and intuitive online support options that will allow taxpayers to locate the information they need within the channel they are using or to move seamlessly between channels. Examples of online support tools

include Virtual assistant and click to call or click to chat (or live chat) options. Virtual assistants supported by an online knowledge base enable taxpayers to immediately find information they need, without the need to switch channels or wait for a response from support staff (Sanger & Thomas, 2015).

Web portals will ultimately improve the VAT administration's reputation and brand recognition as well as enhance the proactive provision of necessary information, support and guidance to taxpayers and community members to facilitate their compliance activities and, where necessary, educate them about the tax system. In addition, web portals should help direct taxpayers to the best channel for them to access the assistance they need (OECD, 2016).

The costs associated with Digital Content expansion are far fairer than the older more established Traditional Media. Social media is cheaper than any form of advertising available today. It is one of the only forms of media that can expose KRA to over 1,000 people concurrently for less than Kshs.300. This means that KRA is at an advantage should they choose to focus on a content-first approach with a heavy digital content bias. The return is equally encouraging due to the impressive number Digital Content can reach at the touch of a button. Further, segmenting tools and measuring metrics are far more superior to Traditional Media whose main metrics are analogue in nature (Content Strategy 2017). Additionally, incorporating traditional elements into the KRA's website and social media campaigns and advertisement videos, publish articles, host live podcasts and webinars, the research project will establish how social media, telephone communication and web portals communication channels and their effects on VAT compliance.

2.5 Critique of literature review

Monkam, (2017) in his study findings revealed that messages sent in good time will contribute positively towards tax compliance. This will enable taxpayers to remember deadlines and pay their tax dues in time before it accrues penalties and fines. Furthermore, it also established that a friendly approach to taxpayers, including both information about how tax is spent and gentle reminders of deadlines, seems generally more effective than deterrence. The results showed that non-traditional ways to communicate with taxpayers, such as SMS and emails, can be highly effective and lead to substantial increases in declaring taxes. In low-income contexts, this finding is particularly important as governments are constantly looking for cost-effective ways to achieve policy goals, in the context of very limited resources.

In Kenya around 89% of people with mobile phone access internet (CAK report 2017). This therefore means digital communication can reach as many Kenyans online. Web portals can also enable the provision of efficient online assistance to taxpayers using chat or virtual video assistant facilities including those that employ artificial intelligence tools. Providing taxpayers with in-channel help is essential to retain taxpayers in digital self-service channels. This in-channel help should include simple and intuitive online support options that will allow taxpayers to locate the information they need within the channel they are using or to move seamlessly between channels (KRA Content strategy 2017). If KRA utilizes the above-mentioned channels effectively and continue to persuasively engage tax payers with a lot of honesty and transparency on how their taxes will be spent, then voluntary compliance will tremendously increase in Kenya. VAT compliance can also increase if the channels mentioned are used effectively.

2.6 Summary

This chapter outlines the theoretical framework, which establishes the theories and concepts that govern this research. The three theories described in the literature review above are the Technology of Acceptance Model, the Uncertainty reduction theory of communication, and the Theory of Inspired Confidence by various scholars with regard to adoption of modern communication technology in society. The theories were discussed in the context of the topic of study, which was the effect of communication channels on VAT compliance. This was followed by empirical literature which reviewed related studies and highlighted their findings. The conceptual framework on the other hand, outlines the relationship that exists between dependent and independent variables. The dependent variables were modern communication channels, namely social media, telephony and web portals. Additionally, the critic of literature review and the research gap was also addressed in relation to the research topic which is the effects of communication channels on VAT compliance.

2.7 Research gap

A number of studies have been done with an aim of exploring all the options available to enhance tax compliance, both locally and globally. However, very few studies have looked at how effective communication channels can help in mitigating the challenge of VAT compliance which is a major problem in tax administration. A number of studies, though closely related have looked at tax compliance in small and medium enterprises or taxpayer education and tax compliance. For instance, Nganga (2018) indicated that tax awareness and

proper education have a positive effect on tax compliance in a study examining the effect of tax education on tax compliance in Kenya. Machogu and Amayi (2013) carried out a study on the effect of taxpayer education on voluntary tax compliance, among the SMES in Mwanza city- Tanzania. From the findings, it is stated that a taxpayer will only comply if they are made aware of when to pay their tax due, how to pay and why they pay. From the existing literature, none addressed the effect of communication channels on VAT compliance. Other studies available only concentrated on adoption of tax systems as a major factor that has enhanced tax compliance. None of the available studies have looked at the effects of communication channels on VAT compliance in the recent past. The study is therefore bridging the gap by examining the effect of communication channels on VAT compliance in Kenya.

CHAPTER THREE: RESEARCH METHODOLOGY

1.1 Introduction

This chapter provides an outline of the research methodology that was used in this study of the effects of communication channels on the level of VAT compliance in Kenya. It provides the following subsections: the research design, target population, sampling frame, sample and sampling technique, Data Collection Instruments, Data Collection, Pilot testing, and data collection tools and procedures and data analysis.

3.2 Research Design

A descriptive research design was employed in the study. Since its concern with describing a population with respect to important variables with the major emphasis being established the relationship between the variables (Kothari, 2006). Bryman & Bell (2011) define research design as a plan that guides a researcher on how to organize the research activities and to answer questions being studied. The researcher adopted descriptive research design to provide a comprehensive scenario on how modern communication can enhance tax compliance in Kenya. This was found appropriate because it enabled the researcher to describe in-depth the study of independent variables and their relationship with the dependent variable.

The other purpose of descriptive research design was to describe the characteristics of the population being studied which were taxpayers with income within the Central Business district area. (Lavrakas, 2008) stated in his thesis that descriptive research helps in determining the relationship among other similar studies on how online systems such as iTax has contributed to the success of tax compliance global wise and nationwide. Descriptive design is also suitable in a study of a large population like Nairobi CBD.

A research study done by Wasao (2014) utilized the descriptive study design by using it to effectively analyse the relationship between technology and levels of tax compliance in terms of on-line filing of tax returns and on-line remittance of taxes due.

Odongo (2016) in his research study also utilized the descriptive study design approach to establish and analyze the possible relationship subsisting between electronic filing system and tax compliance levels demonstrated by the degree of adherence to electronic filing of returns for various taxes and their tax due remittance. The research study was able to establish the

effects of electronic filing systems on tax compliance among the small and medium enterprises within the Mombasa Central Business District.

3.3 Target Population

According to Kothari (2006), a population refers to an entire group of individuals, events or objects having a common observable characteristic. Research questions are designed to address issues of great relevance to groups of individuals known as a target population. The number of registered businesses with VAT obligation which the target population is 6050 tax report (2018). The research study focused on business traders operating in the main street within CBD which includes Kenyatta Avenue, Kimathi Street, Muindi Mbingu street, Koinage Street Wabera Street, Biashara street and Tom Mboya street which has a vast population of merchants engaging in both retail and wholesale business.

Table 3.1: Total Population

Category	Total Population of registered VAT
Kenyatta Avenue	750
Kimathi Street	1100
Muindi Mbingu	870
Koinage Street	900
Biashara Street	710
Wabera Street	480
Tom Mboya	1240
Total	6050

(Source iTax system, 2017)

3.4 Sampling Frame

According to Schindler and Cooper (2001), a sampling frame comprises of a list of people from which the researcher uses to obtain information about the study. A sampling frame includes a numerical identifier for each individual, plus other identifying information about characteristics of the individuals, to aid in analysis and allow for division into further frames for more in-depth analysis. The researcher used a list obtained from iTax system of all business with VAT obligation. Businesses registered as individual, partnership and limited company.

3.5 Sample and sampling technique

Sampling techniques are considered to be the strategies used by researchers in the statistical sampling process (Cooper and Schindler, 2001). The research employed stratified random sampling techniques in any one stratum. Stratified random sampling was preferred because it eliminated bias and gave the elements in the population equal chances of being selected. When targeting business owners and accountants operating within the CBD.

In order to determine the sample from the target population, Fisher's Model was used for computing sample size where the target population is large. Fisher's model was chosen as the best method to calculate sampling size since it has been proven scientifically as one of the best methods for computing sample size where the population is quite big to obtain a non-biased sample size.

The sample size will be determined by employing the equation below:

$$\text{Equation } n = \frac{z^2 p q}{\epsilon^2}$$

Equation

N= refers to the desired sample size

Z=the standard normal deviate usually set at 1.96 which corresponds to the 95% confidence level.

P= Population of the target population estimated to have a particular characteristic, 50% is normally used because it is the recommended measure if there is a lack of reasonable estimate.

Q=1.0 – p

E=degree of accuracy desired in this context set at 0.05

$$N = \frac{z^2 p q}{\epsilon^2} = \frac{(1.96)^2 (0.5) (0.5)}{(0.05)^2} = 384$$

Given that the target population is less than 10,000. Therefore, the actual sample size will be;

$$nf = n / \left(1 + \frac{n}{N}\right)$$

Where:

NF = desired sample size (when the population is less than 10,000).

N = desired sample size (when the population is more than 10,000).

N = the estimate of population size.

The target population for the study was 6050 registered business operators within the CBD of Nairobi

$$NF = 384 / (1 + 384/6050)$$

$$= 362$$

3.6 Data Collection Instrument

In this study the main data collection instruments were questionnaires containing both open ended and close ended questions; and data collection sheet. Questionnaires were preferred because they are effective data collection instruments that allow respondents to give much of their opinions pertaining to the researched problem. The questionnaires used the five Likert scale (from strongly agree to strongly disagree). The questionnaires were administered to business owners and operators within the CBD. Questionnaires had an introductory letter introducing the researcher to the respondents and explaining the purpose of the research. Respondents were assured of strict confidentiality of the information they have shared with the researcher and that the information were strictly meant for research purposes. This was done in order to enhance the response rate. Secondary data was collected from iTax reports, KNBS reports and Kenya Economic Surveys to support tax compliance status.

3.8 Pilot Study

A pilot study was done as stated by Saunders et al. (2009) and this helped to test the survey instrument, and to validate the questions, remove errors of omission and commission, rectify mistakes and check the general structure of the questionnaire. This was carried out before proceeding to collect the actual data for analysis. The intention of carrying out a pilot study outside the study area was to avoid affecting the study sample. Hence a pilot study was carried out on 10 KRA PIN holders in businesses operating within Westlands Nairobi. The rule of thumb was that 1% of the sample should constitute the pilot test (Cooper & Schilder, 2011).

1.9 Data analysis

The collected data were analyzed by both descriptive and inferential statistics with the aid of The Statistical Package for Social Sciences (SPSS) version 25. Descriptive analysis involved Frequencies and percentages for demographic data of respondents. The questionnaires were administered, collected, coded and entered into SPSS. Appropriate descriptive statistics such

as Central tendencies (mean, median, mode), Measures of dispersion (Std. deviation and linear regression) were used during the analysis. The analyzed data were presented in the form of tables and charts for ease of understanding and interpretation. The quantitative data were collected using a 5 Point Likert Scale designed on a continuum ranging from strongly agree to strongly disagree. Inferential statistics in form of correlation and multiple regression analyses were also employed.

1.9.1 Analytical Model

Coefficient of determination (R^2) was used to test the contribution of each independent variable on the dependent variable. The findings of the study were presented in the form of statistical tables.

The following regression analysis was adopted to determine the effect of modern communication channels on VAT compliance. The research, analytical model was depicted by the linear equation given below:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \epsilon$$

Where:

Y =VAT tax compliance

B_0 =represents Constant

X_1 = Social Media

X_2 = Mobile Communication

X_3 = Web portal

ϵ represents Error Term

π = error term, it considers all the possible factors that would possibly influence the dependent variable though not captured in the model

CHAPTER FOUR: RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the research findings, according to the data collected from the field on the effect of communication channels on VAT compliance in Kenya. The study was mainly focused in the Nairobi Central District. The researcher presents the findings starting with response rate followed by the background information of the respondents. Findings are presented in both descriptive and inferential statistics. Data were presented in tables followed by relevant discussion of the findings.

4.2 Response Rate

A total of 362 questionnaires were distributed among the respondents within the main streets in Nairobi CBD. 269 questionnaires were completed while 11 were returned incomplete by the respondents and were discarded for data analysis. As a result, 258 questionnaires were completely filled and returned indicating a response rate of 71.89%. Mugenda and Mugenda (2003) recommends a response rate of 50% and above. Therefore, the response rate of 71% was deemed adequate for analysis. This was attributed by the fact that the researcher ensured the person distributing the questionnaire was present throughout the process guiding respondent during the exercise.

Table 4.1: Target Population

Response	A questionnaire administered	Questionnaire filled and returned	Percentage
Total	362	258	71.0%

4.2.1 Reliability Analysis

The reliability analysis according to Creswell (2014) assists the researcher to establish how well the research instruments measure what it should. Cronbach's alpha tests measure, also helps in establishing if multiple-question Likert scale surveys are reliable, as these questions, measure latent variables hidden or are unobservable like Pearson's' conscientiousness, openness or neurosis. Generally, a Cronbach's alpha score of more than 0.7 is acceptable, while those under 0.7 are questionable and unacceptable. The researcher used statistical package for

social scientists to compute Cronbach reliability of coefficient. When reliability is upheld, then the research instrument should collect similar data when administered to different sampled populations exhibiting related characteristics. The study employed Cronbach alpha (α) coefficient to test the reliability of the research instrument. Cronbach alpha values greater than 0.7 were assumed to indicate that the instruments were reliable.

Table 4.2: Reliability Coefficient results

Scale	Cronbach's Alpha	Number of items
Social media	0.739	4
Telephone communication	0.742	4
Web portal	0.802	4
VAT Tax compliance	0.871	4

Cronbach alpha of well above 0.7 implied that the instruments were sufficiently reliable for the measurement. As most item total correlations were reasonably high, with Cronbach's alpha exceeding 0.7, the construct validity of the instrument was considered accurate (Bryson 2008).

4.2.2 Validity of Result

Prior to the actual study, the researcher carried out a pilot study to pre-test the validity and reliability of data collected using the questionnaire. The pilot study allowed for pre-testing of the research instrument. Construct validity was established by relating measuring instruments to a general theoretical framework in order to determine whether the instrument is tied to the concept and theoretical assumptions they are employing Nachmias, (2008). The content validity of this research was determined by discussing the tools with my supervisors and establishing whether the questionnaires and interviews, as tools to measure results in relation to the research were objective.

4.3 Descriptive Statistics and Results

Descriptive statistics were established to describe the respondents' perception with regard to the various variables under the study. The findings were as discussed hereafter.

4.3.1 Demographic analysis

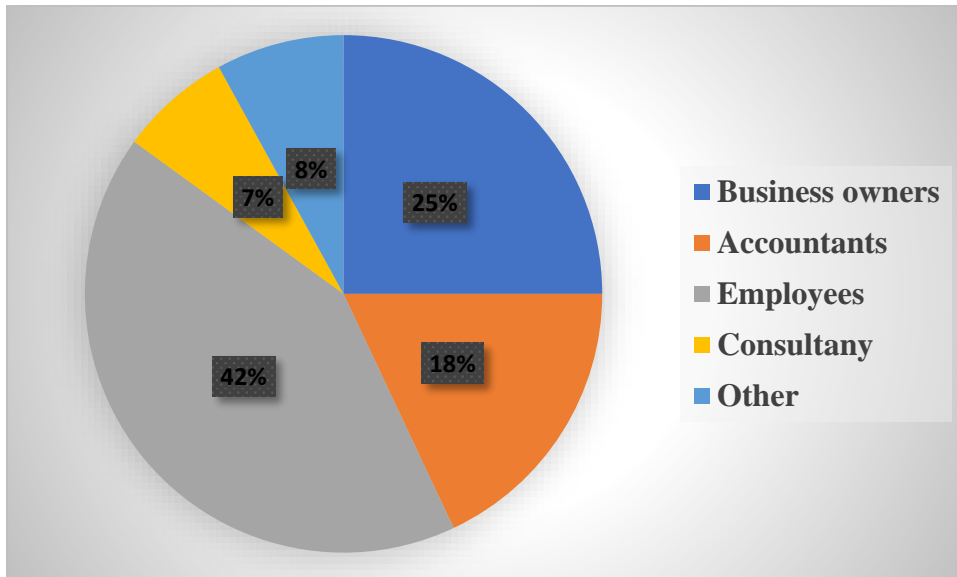


Figure 4.1: Position of the respondents 1

Position of the respondent

Traders who operate in CBD main streets were asked to state the position they held in their organization. From the findings, the majority of the responses were employees with 42%, followed by business owners with 25% and accountants at 18%. Respondents belonging in others category were 8% and the least respondents were Consultant category with a 7 % response rate. This showed that the majority of businesses fall under small and medium enterprises as most of them had between 10 - 50 employees as defined by (KNBS 2017).

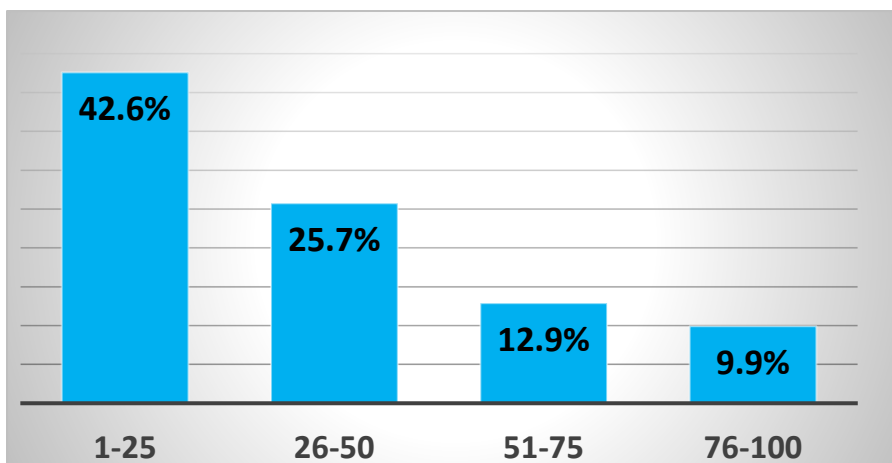
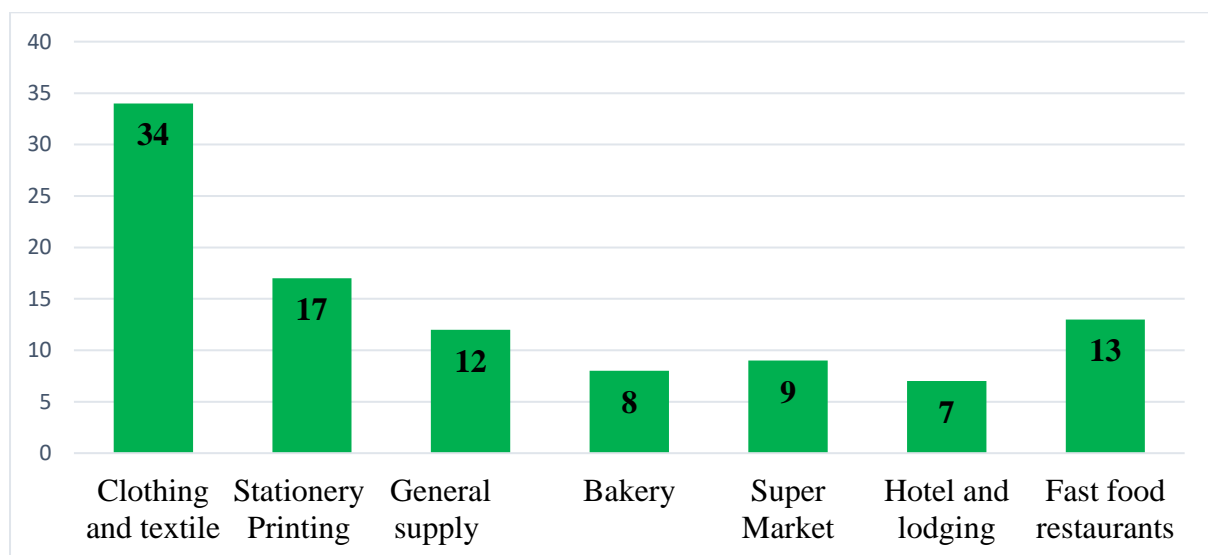


Figure 4.2: analysis of business in terms of employees

Out of the 258 respondents, 42% percent indicated that their business has between 1-25 employees while 25.7% were represented by a category of 26-50. Employees falling under the category of 76-100 was the lowest with 9.9%, According to Kenya National Bureau of Statistics, (2016) MSMEs was defined according to the number of employees. The report categorized SMEs into three different types: micro (1-9 employees), small (10-49 employees) and medium (50-99 employees) sized establishment, the findings show that a huge percentage of businesses actually fall under Small and Medium enterprises with employees between 1-50 as defined by KNBS (2016).

Figure 4.3: Analysis of business activities operating along the main streets within Nairobi CBD



Respondents were asked to state the nature of business operation and the figure above depicts the outcome of the results. From the analysis, businesses operating clothing and textile had the highest percentage of 34%, followed by Stationery and printing with 17%. Fast food restaurants scored 13%, followed closely by General supply with a score of 12%. Supermarkets, Bakeries and Hotels followed respectively, with Hotels and lodging scoring the least percentage of 7%. This therefore means, that most of the businesses along the streets are mainly clothing, textiles, shoes and Stationeries such as computers, and cosmetics and all this business are vatable therefore the study population was justifiable for VAT compliance.

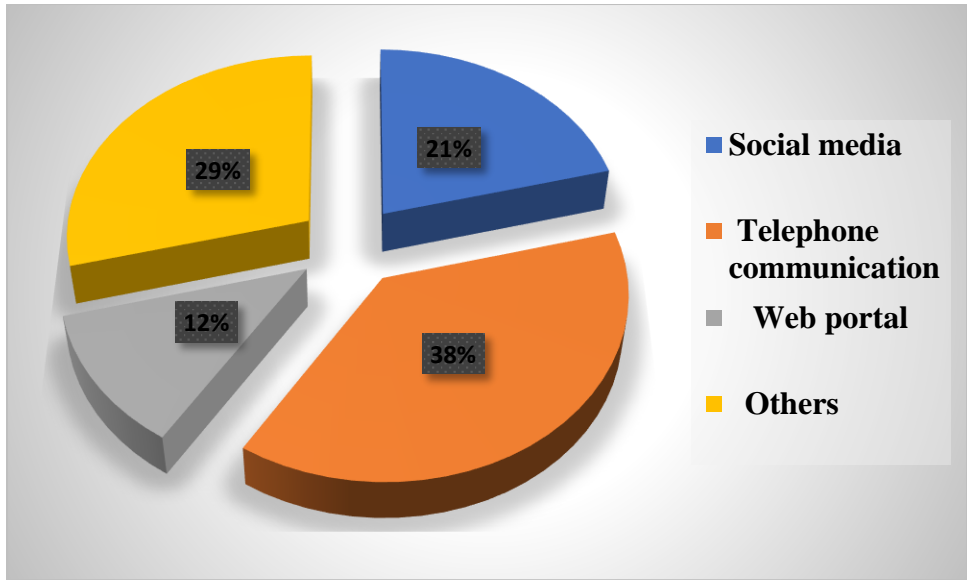


Figure 4.5: Analysis of respondents according to the channel of communication they normally used when communicating VAT issues with KRA officers

From the figure 4.5 above, the respondents were asked to state the channel of communication they frequently used when communicating with KRA officers on VAT issues. The majority of the respondents alluded to the fact that they normally use Telephone conversation with the highest percentage of 38%, while a significant number of respondents stated that they use other means such as emails, visiting KRA premises, visiting Huduma centers with a percentage of 29%. Coming a distant third, where the respondents that normally used social media such as Facebook, twitter and you tube with a score of 21%. The respondents who stated that they normally use Web portal were 12%. From the analysis the majority of respondents normally use telephone calls as the main channel of communication followed by twitter, web portal and other means of communication.

4.3.2 Social media analysis

Respondents' views were sought in relation to how the business operators along the Nairobi CBD use social media as one of the communication channels on VAT compliance. The respondents were asked their level of agreement with the following statements regarding social media channel of communication on a scale of 1 -5 where 1-Strongly Agree, 2 Somewhat Agree 3- Agree, 4- Somewhat Disagree, and 5-Strongly Disagree. The percentages, mean and standard deviation were computed and the findings presented below:

Table 4.3: Social Media communication channel analysis

Statement	N	Mean	Standard deviation
Taxpayers are provided with accurate and updated tax information on Facebook on how to comply with VAT obligation	258	3.323	.9073
Taxpayers are satisfied with the response time for tax queries on twitter whenever they have issues relating to VAT compliance	258	3.4541	.8068
Taxpayers visit the KRA YouTube page more frequently to learn how to file and pay VAT tax due	258	2.3131	.7546
Information shared by KRA on social media is obtained from the technical staff dealing with VAT issues.	258	3.1043	.8546

According to findings on table 4. 3 above, the respondents agreed with the fact that taxpayers are provided with accurate and updated tax information on Facebook on how to comply with VAT obligation with a mean score of 3.323 and a standard deviation of. 9073. This shows that the majority of business operators actually check KRA Facebook page for any update and receive updates VAT from KRA Facebook page. When asked whether Taxpayers are satisfied with the response time for tax queries on twitter whenever they have issues relating to VAT compliance. The majority of respondents alluded to the fact that they are indeed satisfied with for VAT tax queries on twitter with a mean score of 3.4541 and a standard deviation of. 8086. This indicates that the majority of taxpayers are interacting with KRA through the KRA twitter handle since the means is slightly above the average.

The respondents were also asked to state whether they Watch KRA, you tube or user guide to learn how to file VAT return. A significant number of the respondents agreed with the fact that

they normally watch you tube with a mean score of 2.3131 and a standard deviation of. 7546. Even though the mean was lower than the average mean of 2.5 the number of respondents was quite encouraging and could possibly mean that a good number learnt how to file VAT returns with aid by watching YouTube videos. Lastly, when the business operator within the CBD was asked to state whether information shared by KRA on social media is obtained from the technical staff dealing with VAT issues. Findings indicate that the majority of the respondents agreed with the fact, with a mean score of 3.1043. This resonates with the (OECD report, 2011) which states that Tax agencies need to learn how to utilize social media to better understand taxpayers as well as put forward their own messages.

4.3.3 Use of telephone as a channel of communication for VAT tax compliance

The study also established the views of the respondents regarding the use of telephone communication as a way of communicating with the revenue officers by computing the mean and standard deviations of their responses. Respondents were asked to indicate their level of agreement with the following statements regarding telephone communication on a scale of 1 - where 1-Strongly Agree, 2 Somewhat Agree, 3 - Agree, 4 Somewhat Agree 5- Strongly Disagree

The findings from the analysis were as presented in Table 4.4 below.

Table 4.4: Telephone communication channel analysis

Statement	N	Mean	Standard deviation
Reminders in form of mobile messages (SMS) are sent to taxpayers or phone calls to file and pay their VAT tax due on time	258	4.223	.7073
Taxpayers receive informative tax messages on their mobile phones every month on VAT matters	258	2.553	.9068
KRA officers normally call taxpayers on their mobile phones to remind them of any VAT pending liability.	258	4.3131	.8547
Use of telephone communication has reduced long queues in KRA offices, especially during monthly VAT filing	258	3.8043	.789 2

Findings from the table indicated that the majority of the respondents strongly agreed with the with the statement that they normally receive SMS or phone calls reminding them to file their VAT return or pay with a minus score of 4.223 and a standard deviation of .7073. This means that KRA officers are in contact with the taxpayers to help them comply. Additionally, the respondents agreed with the fact that they normally receive informative tax messages on their mobile phones every month on VAT matters with a mean score of 2.553 and a standard deviation of .9068. This therefore means that a significant number of respondents do not receive tax information every month. Further, the majority of the respondents alluded to the fact that KRA officers normally call taxpayers on their mobile phones to remind them of any VAT pending liability with a minus score of 4.3131 and standard deviation of .8547. In addition to this, the respondents strongly agreed with the fact that the use of telephone communication has reduced long queues in KRA offices, especially during monthly VAT filing with a minus score of 3.8043 and a standard deviation of .7892. The standard deviation revealed the homogeneous

nature of the respondents. From the findings one can depict that the most common channel of communication is currently telephone conversation and if this is enhanced, then the level of VAT compliance will definitely improve. From the findings in the above table, the results coincide with the findings of other researchers who found that actual regular communication with tax phone calls and SMSs improve tax compliance. For instance, a study done by (Mascagni, Nell, & Monkam, (2017) it was discovered that messages which simply remind taxpayers of deadlines are highly effective in increasing compliance. It was also established that a friendly approach to taxpayers, including both information about how tax is spent and gentle reminders of deadlines, seems generally more effective than deterrence.

4.3.4 Use of Web portal as communication channel for VAT tax compliance

The views of the respondents regarding the use of web portal as a communication channel sought by computing the mean and standard deviation of their responses. The respondents were asked to indicate their level of agreement with the following statements regarding web portal communication on a scale of 1 - where 1-Strongly Agree, 2 Somewhat Agree, 3 - Agree, 4 Somewhat Agree 5-Strongly Disagree. The findings from the analysis were presented in Table 4.5. below.

Table 4.5: Web portal analysis

Statement	N	Mean	Standard deviation
The KRA website is fast enough and this has enabled me to get the right information at the right time regarding VAT compliance	258	2.523	.7073
Updated tax, VAT information is posted on the KRA website on a regular basis	258	3.593	.7868
The KRA website has chat enabled function to enable me chat with the KRA official on real time on issues related to VAT	258	1.9131	.7647
KRA website is user friendly and easy to use and this has enabled to file my VAT return and pay on time	258	2.8043	.9292

According to the findings on table 4.5, the respondent agreed that, KRA website is fast enough and this has enabled them to get the right information at the right time regarding VAT compliance with a mean score of 2.523 and a standard deviation of 0.7073. This shows that a significant number of users visit a KRA website to obtain information related to enabling them to comply. Additionally, updated tax, VAT information is posted on the KRA website on a regular basis with a mean score 3.593 and a standard deviation 0.7868. This indicates that indeed KRA normally use the website to update taxpayers on any changes on tax matters. When asked to state whether The KRA website has chat enabled function to enable them chat with the KRA official on real time on issues related to VAT. The majority of respondents disagreed with the facts with a mean score of 1.9131 and a standard deviation 0.7647. This indicates that currently KRA does not have a web chat for real time chat between taxpayers and officers. Finally, when asked to state whether KRA website is user friendly, easy to use and whether it enabled the taxpayers to file my VAT return and pay in time. The majority of the respondents

agreed with the fact with a means core of 2.8043 and standard deviation of 0.9292. This therefore means that most of the respondents normally visit KRA website and actually find it user friendly with a significant number of the respondents having a different opinion. The findings are supported by an OECD report (2016) which state that Web portals assist in the provision of proactive information and services to taxpayers that can be better customized to their situations. Therefore, a modern web portal solution typically represents a complicated collection of webpages dedicated to various aspects of service and compliance.

4.3.5 VAT compliance analysis

Regarding general VAT compliance, the respondents were asked to indicate your level of agreement with the following statements regarding VAT compliance on a scale of 1 – 5 where 1-Strongly Agree, 2 Somewhat Agree, 3 - Agree, 4 Somewhat Agree 5-Strongly Disagree, the percentages, mean and standard deviations were analyzed and presented in table 4.6 below

Table 4.6: VAT compliance analysis

Statement	N	Mean	Standard deviation
Faster resolution of taxpayer queries increases chances of VAT taxpayer compliance	258	3.823	.7073
Provision of accurate information to taxpayers enhances VAT tax compliance.	258	3.693	.786
Sending reminders to taxpayers enhances tax, VAT compliance through timely filing and payment.	258	3.9131	.7647
It is easier to communicate with KRA officers on issues of VAT through the Social media Telephone communication and web portal than any other channel	258	3.8043	.82 9 2

Inference in table 4.6 indicate most respondents agreed with the fact that faster resolution of taxpayer queries increases chances of VAT taxpayer complain with a mean score of 3.823 and standard deviation of 0.7073. This, means that taxpayers will tend to comply when they are facilitated with information. When asked to state whether provision of accurate information to taxpayers enhances VAT tax compliance majority or the respondents agreed with a mean score of 3.693 and a standard deviation of 0.7868. This is an indicator that accurate information contributes to VAT compliance Furthermore, sending reminders to taxpayers enhances tax, VAT compliance through timely filing and payment with a mean score of 3.9131 and standard deviation of 0.7868. This means taxpayers will comply when they are constantly reminded either through SMS or phone calls. Finally, Respondent also agreed with the fact it is easier to communicate with KRA officers on issues of VAT through the Social media Telephone communication and web portal than any other channel with a minus score of 3.8043 and a standard deviation of 0.8292. This finding resonates with (Michael, 2004) which indicate that “unofficial” communication has a strong indirect effect that increases compliance and if KRA enhance the telephone communication and communicating through SMS. This will in the long run enhance VAT compliance.

4.5 Pearson’s Correlation Results

This section presents the correlation analysis of various variables in the study. The Pearson’s Product moment correlation, which is a non-parametric measure of the strength and direction of association that exists between two variables, was used. The study sought to establish the relationships that existed between the independent variables and the dependent variable in the study. Pearson product moment correlation coefficient was used to indicate the relationships.

4.5.1 Effect of Social media as a communication channel at the level of VAT tax compliance

The data were transformed into the composite mean of the variable scores to enable inferential analysis. In this case composite mean scores of social media were correlated with composite mean scores of VAT tax compliance. The findings from the analysis were as shown in table 4.7

Table 4.7: Correlation analysis between Social Media and VAT compliance

		Social Media	VAT tax compliance
	Pearson Correlation	1	.692**
	Sig.(2-tailed)		.001
Social Media	N	258	258
VAT tax compliance	Pearson Correlation	.692**	1
	Sig.(2-tailed)	.001	.258

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

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

A fairly strong positive significant ($r=.692$, $p=.001$) significant relationship was established between social media and VAT tax compliance. Thus, use of social media increase level of VAT tax compliance Hence the findings demonstrates that there is a direct relationship between the use of social media as a communication channel and level of VAT tax compliance. Therefore, social media has an influence on VAT tax compliance in the Nairobi Central Business District

The findings agree with the findings from the OECD report (2011) which examined the potential for social media technologies to be used to the benefit of both the tax agency and the taxpayer population. The study noted that the use of social media technologies varies among countries, with Japan, Korea and North America using blogs more than the rest of the world, but that mapping regional differences is not helpful given the rapidly changing environment

4.5.2 Effect of Telephone communication on level of VAT tax compliance

The study further sought to establish the relationship between telephone communication and Level of VAT tax compliance. The composite means of service accessibility were correlated with the composite means of VAT compliance. The findings from the analysis were as presented in Table 4.8 below

Table 4.8: Correlation analysis between Telephone communication and VAT compliance

		Social Media	VAT tax compliance
	Pearson Correlation Sig.(2-tailed)	1	.719**
Telephone communication	N	258	258
VAT tax compliance	Pearson Correlation Sig.(2-tailed)	.719**	1
		001	258

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

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

The findings indicated the presence of a strong positive significant ($r=.719$, $p=.001$) relationship between telephone communication and VAT compliance for business operators within the Central Business District. Hence, telephone communication is paramount as a channel of communication in enhancing VAT tax compliance level.

The study findings agreed with the findings of the Rwanda revenue report (2014) which demonstrate communicating through telephone such as SMS are short and a good way to communicate small bits of information that can be received and replied to at their own leisure. These days people are rarely not within arm's reach of their mobile device, so it isn't a surprise that more people are using their smartphones than computers; so, it is a perfect platform to engage with one's tax payers.

4.5.3 Effect of Web portal on level of VAT tax compliance

The study further sought to establish the relationship between Web portal and level of VAT compliance. The composite means of web portal were correlated with the composite means of VAT tax compliance. The findings from the analysis were as presented in Table 4.9.

Table 4.9: Correlation analysis between Web portal and VAT compliance

		Social Media	VAT tax compliance
Web portal	Pearson Correlation Sig.(2-tailed)	1	.604**
	N	258	258
VAT tax compliance	Pearson Correlation Sig. (2-tailed)	.604**	1
		258	258

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

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

From the table, it was established that the use of web portal had a fairly strong positive significant ($r=.604$, $p=.002$) relationship with VAT compliance even though the relationship was not as strong as the other channel. A KRA web portal should be enhanced and awareness on how to use web portal should be demonstrated to tax payers. This resonates with the findings of Sanger & Thomas, (2015) which state that virtual assistants supported by an online knowledge base enable taxpayers to immediately find information they need, without the need to switch channels or wait for a response from support.

4.6 Coefficient of Determination

The study sought to examine the significance of the influence that the independent variables have on the dependent variable. To accomplish this, the study undertook multiple regression analysis at $p<0.05$ level of significance. The findings from the analysis are presented and discussed hereafter.

Table 4.10: Coefficient of Determination

Model Summary				
Model	R	R Square	Adjusted Error	Std error of Estimate
1	.812^a	.659	.649	.3226
	2.48889			

Predictor (constant) Predictors: (Constant), (Social Media, Telephone communication and Web portal).

The model summary demonstrated an R-squared value of 0.659. This showed that all the use independent variables (Social Media Telephone Communication, Web portal) taken to together enhance the level of VAT tax compliance 65.9% This therefore indicates that the independent variables can enhance the level of VAT tax compliance if these communication channels are revamped. The remaining 34.1% of the variation in customer satisfaction is accounted for by factors not considered in this model.

Table 4.11: ANOVA 1

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	25.795	4	6.449	61.934	002 ^b
Residual	13.328	252	10.4		
Total	39.123	256			

a. Dependent Variable: VAT tax compliance

b. Predictors: (Constant), Communication channel, Social media, Telephone communication web portal

The Pearson’s correlation analysis was conducted at 95% confidence interval and 5% precision.

From the ANOVA, an F-statistic of 61.934 was established with a significance level of 0.002 Which was significant at $p < .05$ level of significance. This indicated that the independent Variables (Social media, Telephone communication, and web portal Reliability) have a combined significant effect on the level of VAT compliance in Nairobi CBD business operators as shown in table 4.9

4.7 Regression Coefficient

This is an extension of simple linear regression. It is used to predict the value of a variable based on the value of two or more variables. The variable to predict is called the dependent variables or criterion variable

Table 4.12: Coefficients

Model		Unstandardized		Standardized	t	Sig.
		Coefficients				
		B	Std. Error	Beta		
1	(Constant)	6494	.501		1.770	0.012
	Social Media	.004	.140	.004	0.649	0.001
	Telephone communication	.119	.191	.111		0.013
	Web portal	.840	.213	.545	3.524	0.003

a. Dependent Variable: VAT tax compliance

From the table, the model constant was 0.6494 with a t-value of 1.770. The p-value for the Constant was 0.012 which was lower than the level of significance. This indicates Social media a channel of communication is statistically significant at the level of VAT compliance on other factors which include other channels of communication. On the other hand, the t-value for social media was 0.649 with a p-value of 0.001. This shows that telephone communication has significant influence on VAT compliance.

VAT compliance = $6479 + 0.004 x$ Social media + $0.119 x$ Telephone communication + $0.484 x$ web portal. In this regard the research findings and the regression analysis show a connection between the variable involved in the study. This study has therefore proven that communication

channel such as social media, telephone communication and web portal have a positive significant influence on VAT compliance.

$$Y = 6497 + 0.004 x_1 + 0.119 x_2 + 0.84 x_3$$

Where:

Y = Dependent variable (VAT Tax compliance)

x_1 = Social Media

x_2 = Telephone communication

x_3 = Web portal

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter discusses the key findings of the study, which was to establish the effects of communication channels on the level of vat compliance in Kenya and makes the recommendation for practice, improvements and for further research. It also recapitulates the findings of the study done with specific reference to the objectives and research questions of the study used as units of analysis. Data were interpreted and the results of the findings were correlated with both empirical and theoretical literature available. The conclusion relates directly to the specific objectives and research question. The recommendations were made based on the conclusions and discussion of the findings.

5.2 Summary of findings

The research findings outline the main channel of communication such as social media, telephone communication and web portal and their effects on the level of VAT compliance. The findings also revealed that there is a positive correlation between social media, telephone communication and web portal with VAT tax compliance. The research established that KRA should embark on revamping communication channels such as social media such as Facebook, twitter, and YouTube. Another channel of communication that needs to be enhanced is the telephone communication, use of SMSs and continuous follow up on taxpayers reminding them on their tax liabilities will improve VAT compliance. The findings also revealed that KRA should invest in a search engine optimized website which is user centric and simple for it to improve its communication with its loyal taxpayers, this will significantly improve the level VAT compliance. The findings indicate that 65.9% of VAT tax compliance is attributed to a combination of the three independent factors investigated in this study (social media, telephone communication and web portal).

5.2.1 Social Media as channel of communication

The findings revealed that most business operators in the Nairobi Central Business District have interacted with a KRA official on social media such as the Kenya Revenue Authority's (KRA's) Twitter account, @KRACare. KRA launched a campaign called Mkenya Mtrue, with the hashtag #LipaUshuru, which provides information on how to file taxes online. The majority of the respondents felt that KRA should increase its awareness on how to interact with the authority on social media and ensure that most of the business operators check KRA social

media for information and update relevant to VAT compliance. KRA should also strive to engage taxpayers in 24 hours on matters related to VAT compliance and help most of the taxpayers' issues solved as fast as possible when raised on social media. Similarly, to how Kenya Power and Kenya Commercial bank utilize the social media to solve clients' problem amicably via the social media. This agrees with Lumumba, Migwi and Magutu (2010), who argue that the only way to enhance tax compliance is by building their capacity through periodic tax awareness campaigns. Empowered taxpayers are likely to exercise their civic duty of remitting their taxes as and when due.

This also resonates with Oats & Onu (2018) who depicted that social media acts as the as a double-edged sword, digital social media provides an opportunity to foster compliance by providing intelligence that can be used to inform the tax authority messaging. It also provides an opportunity for the spread of misinformation to the detriment of tax morale, potentially undermining tax authority efforts to improve compliance. The authority should always ensure they monitor what goes on in social media since some posts if not acted upon immediately can portray a bad image to the Authority. Another study from the OECD report (2014) states that revenue bodies have provided more accessible information, including VAT services through the use of new technology (for example by building on-line capability or making information available 24 hours a day, 7 days a week in Africa on social media.

5.2.2 Telephone communication as channel of communication

The research discovered that telephone communication is the most preferred channel of communication since it is easy to communicate and get instant feedback. The majority of respondents alluded to the fact that they normally receive phone calls and SMSs from KRA officers reminding them to pay their VAT tax due. The findings also revealed that when taxpayers are given the right information through telephone communication and are reminded to pay their tax due at time without accruing any penalties, the taxpayers tend to comply. The findings further reveal that poor communication strategies have a negative influence on VAT compliance resonating with another study carried out in Ghana by Carroll (2011). Aggressive tax enforcement, according to a poll (2010) is not a solution when trying to alleviate tax shortfalls, instead there should be open communication between tax enforcement agencies and taxpaying entities to iron-out contentious issues that may jeopardize the entire system. Indeed, tax legislation is a major factor that should be formulated to facilitate simple administration of tax and not to frustrate taxpayers. The findings are in line with McKinsey Consulting (2016)

who stated that digital communication strategy is to include a matrix of tactical, institutional and initiative-specific messages. In terms of tone and delivery, it should incorporate thematic appeals that have an emotional element—for example, linking the use of tax revenue to the funding of schools or highlighting sanctions for failure to comply. Other messages, such as explaining changes in tax laws or procedures, can be purely informative.

5.2.3 Web portal

From the findings, it was clear that the majority of taxpayers from Nairobi CBD have interacted with KRA web portal either on a monthly basis when filing their VAT return or when looking for information. However, the majority of the respondents were not happy with the current KRA website since it has cluttered information and getting information relevant to business operators has been an issue. The respondents also indicate that some of the information is out - dated and also has numerous dead links. A Significant number of the taxpayers also stated that the website is not user centric and also lacked chat enable technology such as webinar, however a number of users were satisfied with KRA and could perform what they needed to perform. They mentioned a few challenges on the website not responding especially during the due dates and thus resulted to business operators being penalized.

The findings resonate with a number of studies for examples OECD reports. (2016) noted that Web portals assist in the provision of proactive information and services to taxpayers that can be better customized to their situations. Therefore, a modern web portal solution typically represents a complicated collection of webpages dedicated to various aspects of service and compliance (OECD, 2016). Mukami (2017) states that taxpayer service delivery function plays a crucial role in the administration of the tax legislation in all countries. Providing services that are user-friendly, in the sense of being accessible and understandable for all, helps to maintain and strengthen the taxpayers' willingness to comply voluntarily and thereby contribute to improvements in overall levels of compliance with the laws.

5.3 Conclusion

In conclusion, this study has established the effective use of communication channels such as social media, telephone communication and web portal having a significant effect on VAT compliance. The findings indicate that 65.9% of VAT compliance is attributed to a combination of the three independent factors investigated in this study (social media, telephone communication and web portal). The findings reveal that the mentioned channels of

communication should be revamped to enable KRA improve the VAT compliance. The findings also revealed that KRA should increase telephone communication conversations and the number of SMSs to continuously remind taxpayers on when to pay their tax due. The use of social media as a communication tool should also be enhanced and invest on a search engine optimized website which is user centric and simple for it to improve its communication with its loyal taxpayers, this will significantly improve the level VAT compliance.

5.4 Recommendation of the study

After carrying out the research, and upon analyzing the collected data and interpreting the findings, the following recommendations were made. The recommendations were based on the three main issues. How to enhance social media. Telephone communication and web portal to increase VAT compliance. This can be achieved by increasing interaction of social media and ensuring the social media is operated 24/7. Increase number of outbound calls and SMS and improving KRA web portal by making it more user centric.

5.4.1 Social media

Kenya Revenue Authority should always ensure they engage their tax payers vigorously through social media by ensuring most of taxpayers like their Facebook and also promote awareness on their twitter handle and run campaigns and topics of discussion on issues related to VAT compliance. A subject matter expert should also monitor the social media tools and answer any technical questions regarding VAT compliance. The team handling social media should be trained and equipped with the necessary skills and tools.

5.4.2 Telephone communication

KRA should invest on telephone communication by regularly updating taxpayers on various issues relating to tax matters. Business operators should be reminded of when their taxes are due so that they can pay in time to avoid interest and penalties. Communication on how tax payments are utilized should be clearly outlined and communicated so that tax payers can understand the benefit of paying taxes. Structured SMSs should be sent to taxpayers every month to remind them to file and pay VAT liabilities.

5.4.3 Web portals

In order to alleviate VAT in compliance, Kenya Revenue Authority should invest in a website which is more user centric i.e. Simple and easy to use and with an inbuilt chat functionalities such as webinars and live chats to seek to empower their taxpayers on how to meet their tax obligations as and when they are due or the likely fines and penalties that accrue to non-

compliance. Therefore, tax authorities ought to be vigilant enough to unearth such schemes by formulating policies and strategies. To curb tax evasion and post them on KRA website. The authority should strive to maintain an expansive database of taxpayers that is synchronized with all government systems and KRA website.

5.5 Suggestions for further study

There is a need for another study to be conducted to cover all the communication channels including print media and emails.

There is also a need to replicate the study in other Counties in Kenya for external validity and generalization of the results.

Other researchers can subject this research hypothesis to test by using different research methodologies to see whether the findings hold in other contexts.

There is a need to carry out a study on effect of social media on crisis communication on tax matters.

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APPENDIX I: QUESTIONNAIRE

PART A: General Information

1. Please indicate your position in the organization
 Business Owner Consultancy
 Accountant Employees
 Managing Directors
 Other (Please specify.....)

2. What is the size of the business in terms of employees?
 1-25 51-75
 26-50 76-100
 100 and above

3. What is your main business activity?
 Clothing & Shoes Bakery Bookshop
 Fast food Fast food restaurant
 Stationery Printing Hotel and lodging
 General supply Super Market
 Bookshop
Others, please specify?.....

4. Which channels of communication do you frequently use to communicate to KRA regarding VAT obligation?
 Social media
 Telephone communication
 Web portal
 Others (Please specify.....)

PART B: Social Media

1. Please indicate your level of agreement with the following statements regarding social media channel of communication on a scale of 1 -5 where 1-Strongly Agree, 2 Somewhat Agree 3- Agree, 4- Somewhat Disagree, and 5-Strongly Disagree

Statements	1	2	3	4	5
Taxpayers are provided with accurate and updated tax information on Facebook on how to comply with VAT obligation					
Taxpayers are satisfied with the response time for tax queries on twitter whenever they have issues relating to VAT compliance					
Taxpayers visit the KRA YouTube page more frequently to learn how to file and pay VAT tax due					
Information shared by KRA on social media is obtained from the technical staff dealing with VAT issues.					

2. What recommendations would you suggest to improve tax compliance using social media technologies?

.....

PART C: Telephone Communication

3. Please indicate your level of agreement with the following statements regarding telephone communication on a scale of 1 - where 1-Strongly Agree, 2 Somewhat Agree, 3 - Agree, 4 Somewhat Agree 5-Strongly Disagree.

Statements	1	2	3	4	5
Reminders in form of mobile messages (SMS) are sent to taxpayers to file and pay their VAT tax due in time					
Taxpayers receive informative tax messages on their mobile phones every month on VAT matters					
KRA officers normally call taxpayers on their mobile phones to remind them on any VAT pending liability					
Use of telephone communication has reduced long queues in KRA offices especially during monthly VAT filing					

4. What recommendations would you suggest to enhance tax compliance using telephone communication?

.....

5. Please indicate your level of agreement with the following statements regarding KRA web portal on a scale of 1 – 5 where 1-Strongly Agree, 2 Somewhat Agree, 3 - Agree, 4 Somewhat Agree 5-Strongly Disagree

Part D: Web Portals

Statements	1	2	3	4	5
The KRA website is fast enough and this has enabled me get the right information at the right time regarding VAT compliance					
Updated VAT information is posted in the KRA website and I always update myself on any changes related to VAT					
The KRA website has chat enabled function to enabled me chat with the KRA official on real time on issues related to VAT					
KRA website is user friendly and easy to use and this has enabled me to file my VAT return and pay in time					

Part E: VAT Tax Compliance

6. Please indicate your level of agreement with the following statements regarding VAT tax compliance on a scale of 1 – 5 where 1-Strongly Agree, 2 Somewhat Agree, 3 - Agree, 4 Somewhat Agree 5-Strongly Disagree.

Statements	1	2	3	4	5
Faster resolution of taxpayer queries increases chances of VAT taxpayer compliance.					
Provision of accurate information to taxpayers enhances VAT tax compliance.					
Sending reminders to taxpayers enhances tax VAT compliance through timely filing and payment.					
It is easier to communicate with KRA officers on issues of VAT through the Social media, Telephone communication and web portal than any other channel					

7. Please indicate any other comments and suggestions that can improve the use of communication channels in improving VAT compliance?

.....
.....
.....

APPENDIX II BUSINESSES OPERATING WITHIN NAIROBI CBD

1	Bright Technologies Limited
2	Meta Capital Ltd
3	Elite Studios Group of Companies
4	Ashara Business Connection
5	Truckers Printers Ltd
6	Silver Scope
7	GET JOPESTKIL GUARANTI
8	Milestone Image Makers
9	Optace Limited
10	Tamid Creative Brands
11	MERIL KENYA LIMITED
12	Ilend Limited
13	Gmc Kimathi Street
14	BESTELL COMPUTERS LTD
15	Rock Technologies
16	FGEE Technology Limited
17	Mohamed Madhani &Compar
18	Studio Platinum
19	TECHBUYZ TECHNOLOGY
20	Bata Alibhai Store
21	Njiha Mukoma & Co Advocate
22	Sony Electronics Supply store
23	Royal City Developers
24	Nairobi Drinks
25	Afriland Agencies
26	HPD Construction & Interiors
27	Sciencescope Ltd
28	Microtel Systems Ltd
29	Laptop Repair Nairobi
30	Mascom International Kimathi street
31	Nanny Cameras Kenya
32	Fastbird business registration Services
33	Dixons Electronics Limited
34	Naxgen Technologies
35	Editech Digital Solution
36	Lino Stationers
37	Diverse Management Consult
38	The Horn Consult Limited
39	Numeriq Company Limited
40	Dream Computers
41	Telecommunications Solutions Center
42	Selfless Company
43	Pos kenya CBD
44	Sony Show Room
45	Creative Computer World

46	Incorporation Consultants
47	Eunicem Technologies
48	Leverage Enterprises Ltd
49	Laptop_Repair In Nairobi
50	Finanziario Fulcro Investment
51	Muriuki Ngunjiri Advocates
52	Yellow apple technologies
53	Okongo Wandago and Co Advocates
54	Yellow apple technologies
55	Eagle House
56	Kingdom Productions
57	Business Express Enterprises Ltd
58	Genuin Tomputers Technology
59	Shelcom Nairobi computers
60	Sciencescope Ltd
61	PentaPharm Phone Shop & Mobile Repair
62	Selfless Art Company
63	Ridgepole Enterprises Company Limited
64	Wamuyu Onga'ala & Co. Advocates
65	Proximi Company Ltd
66	Outhand Services
67	Granton Marketing
68	Epic Aviation College
69	Foundation Systems
70	Electrika computers
71	Zamoyoni Event Managers
72	Sannel Insurance Brokers Ltd
73	Libken Agencies Company
74	Safari Development Company Ltd
75	Bitsimba Telecommunications
76	Pamarco Limited
77	Orion Online Mall
78	Miller & Company Advocates
79	Symian Electronics
80	Havey Star Group Ltd
81	Ashara Errands Services
82	BigNet Africa
83	East African Foundry Works
84	Crown Paints Kenya PLC
85	Total Kimathi st Service Station
86	H.Young & Co E.A Ltd
87	Freight Shore Agencies Ltd
88	Kijani Medical Ltd
89	Cetum Enterprises
90	Sarova Stanley - Five Star Hotel
91	Synresins Limited
92	Otieno Okeyo & Co Advocates
93	Mahida and Maina Company

94	Next U Interior Designers
95	Prabhat Furnishings Kenya Limited
96	The East African Produce Company
97	Guoyi Company Limited
98	Compmerge Enterprises Limited
99	Jamule Trading Company
100	Multiface Solutions Limited
101	Bytepro Softwares
102	Printers Africa - Epson HP Canon Key
103	Fancy Dressing Styles & Furnishings
104	Edible Printing Printers Nairobi Kenya
105	Amon Afrique Limied
106	Aramex Delivery Unlimited
107	DONGFANG DEV COMPANY Limited
108	Micropoint Enterprises ,
109	Sunu's Baby & Children Wear Limited
110	Anna Arcade Stall No - 9
111	Bytepro Softwares
112	Huslaz Movie World
113	Amon Afrique Limied
114	Jamule Trading Company
115	Dove Computers
116	Delight Africa Limited
117	Makao Capital Ltd
118	Bensa
119	The Music Company
120	Kuku Poa Chicken Diet
121	Nevilletech
122	Micropoint Enterprises
123	Cadejunior Ent
124	Bulls Computer World
125	Stemar Computers
126	Wazo World
127	Eng Consultants
128	Mishtech Technologies
129	Aramex Delivery Unlimited
130	Benhan Computer Services
131	Gakuyo Real Estate Firm
132	Tech Garage
133	Best Sellers
134	Emmas Butchery & Green Grocery
135	Tesla info systems
136	Wanthe Water Works
137	Jojen Furnishing Deco & Design
138	Jujo Enterprises
139	Fortune Networks
140	NETWAYS COMPUTERS
141	Amon Africa Computer Services

142	Mogan Supplies
143	Pinkworths Ltd
144	Kenya Credit Traders Ltd-Gujerati
145	Fortune Networks
146	Shalva Limited
147	Winnie Embroideries Kiambu
148	Thoughtworks Computers
149	Sysconet Computers LTD
150	Amon Computers Services Ltd
151	Cara Network Solutions
152	Mustaqbul Computer & Accessories
153	Dobetech Solutions Ltd
154	Dove Computers and Accessories
155	Kiambu Water & Sewerage Co.
156	Ultra - Modern Charcoal Jikos
157	Mashariki Entertainment Limited
158	Pekimu Com
159	Morning Glory Electricals
160	Mac Electronics
161	Alca Fashions & Interior Designs
162	Victory interior Dressings
163	Printers Africa Limited
164	Rivertex East Africa Limited
165	Merge Technologies Limited
166	Devices Technology Store
167	Goodlife Pharmacy Kenyatta
168	African Boot Company
169	Plus Media Interactive
170	April Second
171	Terminal Business Dimensions
172	Metrex Productions Ltd
173	Adept Technologies Ltd.
174	Jersey Store Kenya
175	Nairobi Business Ventures Ltd
176	Impsoft Solution
177	Wambugu Wangai & Company
178	Bellagio Construction Ltd.
179	Snappy Print
180	Top Rank Holdings Ltd
181	Beracah Company Limited
182	Cemat Solutions
183	Beauty Zone
184	Swift Realtors Ltd
185	Garane & Assocoates Advocates
186	Venelyme - Kenya
187	Horeria Valuers
188	Nairobi Executive Travel Company
189	Versatile Model & Talent Kenya Ltd

190	Harraf Business Centre
191	Ageyz Business Systems
192	Xcell Consultium (K) Ltd
193	Philia Company Limited
194	Biztrace Marketing Agency
195	Apollo Insurance Company
196	Aim Global Network Business
197	Pride of africa adventures
198	Samuel Mwikala Seveni
199	Netcore Electronics, Avenue
200	Flashtime Deliveries E.A
201	Seal Honey - Kenyatta Avenue
202	Genicome Insurance Agencies
203	Kenya Oil Co Ltd
204	Enolix Business Consultants
205	Dolphins Real Estates Limited
206	Seal Honey Limited
207	Asterisk Technologies
208	WorldRone Plus Ltd
209	Xprint Waste Paper Handlers
210	Ibrahim Issack & Company
211	Likan Computers
212	Eden Rent a Car
213	Miller & Company Advocates
214	Zuku Agent-Kenyatta Avenue
215	SAFARICOM SHOP I & M
216	Ownit Agencies
217	Riste Services
218	Blotch Ventures
219	Hayanga & Company Advocates
220	Carem East Africa Limited
221	Ibrahim Issack & Company
222	Prabhat Furnishings Kenya Limited
223	Micro Survey Optics
224	Kihanga & Company Advocates
225	Arch Surveys
226	Ebony Estates Limited
227	Amal Group Of Companies
228	D. P Kinyanjui & Company
229	Jaskam & Company Ltd
230	Krumble Fresh
231	Kefra Business Solutions
232	Pillar Audio Visual Services
233	Enosity Computers Limited Company
234	Emerald Business Systems
235	Kinnum Plan Printers
236	Laser Chemicals International
237	World Business Centre

238	Leaky Day Trading Co. Ltd
239	Agrho House - Stall G 07
240	Centrifugal Technologies Ltd
241	Trade Star Company Ltd
242	Jamwati Trading & Investment Company
243	Blueprint Movies
244	Phima Company
245	Osoro Omwoyo And Company Advoca
246	Afrihub Business Solutions
247	New Kinangop
248	Apex Security Services Ltd.
249	High Vision Business & Insurance Age
250	Leighnicks Company Limited
251	Movetech Solutions Ltd
252	D. B. Wati & Company
253	Libro Business Systems
254	Seneti And Company Advocates
255	Nila Pharmaceuticals
256	Mediant International Ltd
257	All Country Business Computers
258	deepAfrica Limited
259	Monics Bureau
260	Kawaison International Ltd
261	Johnali Commercial Agencies Limited
262	El-Roi Plaza
263	Liontech Merchandise & Services
264	Intech Computer shop
265	Ken Compz Telecommunications
266	Paleo Coffee & Grill
267	Juba Errands & Logistics Company
267	hostPoa
268	Nenics Office Mart
269	Tripple Modern Technology
270	Shiny Parcel Services-Nairobi
271	Gelupal Technical Agencies
272	Cross Africa Films
273	Evident Business System
274	Victoria House - Shop 30
275	Stakahs Combined Technologies
276	Andy's Print Shop
277	Intechs Computer Garage
278	Melodica Music Stores
279	Shieldwise Loss Assessors
280	Nano Mart
281	Gadget Boy Store
282	Regnal Interior Decor Company
283	Computerways Limited
284	Nano Age Solutions

285	Star Times Victoria House Shop
286	Drimcap Investment Company
287	Kageni Computer Systems
288	Shital Golden Ornament Ltd
289	Al-Yassin Appliances Ltd
290	Digital Systems & Supplies
291	Tony Chirah Photography
292	Old Nation House- Shop B 4
293	Kaburu Miriti & Co.
294	Media Link Production
295	Nairobi Aviation College
296	Mic-touch Technologies ltd
297	Kenya International Institute Of Business Studies
298	Mercury Hotel
299	Select & Protect Insurance Broker Ltd
300	Technix enterprises ltd
300	Princess Communications
301	Tarakilishi World Systems Kenya
302	Medipoint Pharmaceutical Ltd
303	Data Phone Trading Company
304	Shishah Afrique Ventures
305	Business Ideas
306	Sejma Enterprises
307	Alcoa Business Solutions
308	Kings Wear Ltd
309	Mugo Dominic and Company
310	Nairobi Pests Control Limited
311	Savage Technologies
312	Mountain Rubber Stamps and genera
313	Diamond Hotel
314	Nuru Property Development Company
315	Philadelphia House
316	Shamrah Recruitment Agency
317	Family Bank-Tom Mboya Street
318	Club Geo
319	Mercci Waves Electronics
320	Printers Africa Limited
321	