

**FACTORS INFLUENCING ADOPTION OF ALTERNATIVE DISPUTE  
RESOLUTION MECHANISM IN TAX MANAGEMENT AMONGST  
MEDIUM TAXPAYERS IN NAIROBI COUNTY, KENYA**

**BY**

**NGOIRI MARY WANJIRU**

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## DECLARATION

### Declaration by Candidate

This is my original work and has not been presented for a degree in any other university:

Sign..... Date.....

**Ngoiri Mary Wanjiru**

**MU/KESRA/0193/2016**

### Declaration by the Supervisors

This project has been submitted with our approval as University Supervisors:

Sign.....Date.....

**Dr. Marion Nekesa**

Department of Accounting and Finance,  
School of Business and Economics  
Kenya School of Revenue Administration

Sign.....Date.....

**Dr Jane Sang**

Senior Lecturer,  
Department of Management Science  
Moi University

**DEDICATION**

To my loving mum, who denied herself to ensure my siblings and I received an education but most importantly for her prayers and unwavering encouragement.

## **ACKNOWLEDGEMENTS**

To begin with, I give special thanks to the Almighty God to whom I owe everything. My heartfelt appreciation and many thanks go to my family for being understanding, supportive and allowing me the time to concentrate on the Project. Their time, efforts, and resources have seen me through to this end. With great gratitude, I thank my supervisors for enabling me to choose a researchable topic and guiding me through the introduction, literature review and the research methodology. Lastly to my fellow students with whom we have always shared ideas and experiences, and all those who assisted me in one way or another and whose encouragement enabled me to complete the study. I will always cherish you for your contribution towards my bright future, may the Almighty God abundantly bless you all.

## ABSTRACT

In Kenya, ADR was formally recognized with the promulgation of the Constitution in 2010 under Article 159(2). However, despite the benefits associated with ADR, its use in resolution of tax disputes is low, especially in areas outside Nairobi and Mombasa as indicated by the ICPAK (2017) report. Therefore, this study aims to determine the factors that influence the adoption of ADR mechanism in tax management in Kenya. The specific objectives of the study included: to assess the influence of perceived benefits on the adoption of ADR mechanisms in tax administration in Kenya; to examine the influence of perceived ease of use on the adoption of ADR mechanism in tax management in Kenya and; to examine the influence of ADR knowledge and awareness on the adoption of ADR mechanism in tax management in Kenya. The study was anchored on the conflict resolution theory, social influence theory, theory of reasoned action and unified theory of acceptance and use of technology. It employed explanatory research design and the target group was 2526 medium taxpayers registered by KRA, in Nairobi County. Simple random sampling technique was used to sample the population and the sample size constituted 385 medium taxpayers' companies that were represented by their managers. Primary data was collected using questionnaires. Data analysis was conducted using regression analysis. Regression results ( $\beta=0.877$ ,  $p=0.000$ ) showed that perceived benefits of ADR had a positive and significant influence on adoption of ADR. Additionally, perceived ease of use of ADR had a positive and significant influence on adoption of ADR ( $\beta=0.277$ ,  $p=0.000$ ). The results also showed that perceived ease of use of ADR had a positive and significant ( $\beta=0.279$ ,  $p=0.000$ ) influence on adoption of ADR. The overall model was significant as supported by an F statistic of 167.568 and the reported p value ( $0.000 < 0.05$ ). Based on the findings the study concluded that perceived benefit of ADR affects ADR adoption. A positive attitude towards ADR use can increase the rate of ADR adoption. Further, the study concluded that perceived ease of use of ADR. Further the study concluded that perceived ease of use of ADR affects the use of ADR. ADR is time effective, which increases the number of people adopting this method. The study also concluded that creating ADR knowledge increases ADR adoption. Therefore, investing in ADR awareness programs may positively influence ADR adoption. The study recommended that the government of Kenya should develop and implement a policy that makes it mandatory for all the companies to solve tax cases using the ADR mechanism in the first instance before proceeding to the court. Taxpayers should embrace ADR in resolution of tax disputes by allocating more resources and building capacity of their employees. Tax companies should invest more funds in research and educate their clients on the importance of adopting the ADR methods in tax dispute resolution.

## TABLE OF CONTENTS

|  |           |
|--|-----------|
| DECLARATION .....                            | ii        |
| DEDICATION .....                             | iii       |
| ACKNOWLEDGEMENTS.....                        | iv        |
| ABSTRACT .....                               | v         |
| TABLE OF CONTENTS .....                      | vi        |
| LIST OF TABLES .....                         | x         |
| LIST OF FIGURES .....                        | xi        |
| OPERATIONAL DEFINITION OF TERMS .....        | xii       |
| ABBREVIATIONS AND ACRONYMS .....             | xiii      |
| <b>CHAPTER ONE .....</b>                     | <b>1</b>  |
| <b>INTRODUCTION.....</b>                     | <b>1</b>  |
| 1.1 Overview .....                           | 1         |
| 1.2 Background to the Study.....             | 1         |
| 1.2.1 Global Perspective .....               | 1         |
| 1.2.2 Kenyan Perspective .....               | 3         |
| 1.2.3 Determinants of Adoption of ADR .....  | 5         |
| 1.3 Statement of the Problem.....            | 6         |
| 1.4 General Objective of the Study .....     | 8         |
| 1.4.1 Specific Objectives of the study ..... | 8         |
| 1.4.2 Research Hypotheses .....              | 9         |
| 1.5 Scope of the Study.....                  | 9         |
| 1.6 Significance of the Study .....          | 10        |
| <b>CHAPTER TWO .....</b>                     | <b>12</b> |
| <b>LITERATURE REVIEW .....</b>               | <b>12</b> |
| 2.1 Introduction .....                       | 12        |
| 2.2 Concept of ADR Mechanism .....           | 12        |
| 2.3 Determinants of Adoption of ADR.....     | 15        |
| 2.3.1 Perceived Benefits .....               | 15        |
| 2.3.2 Perceived Ease of Use.....             | 17        |
| 2.3.3 Level of Knowledge and Awareness.....  | 18        |
| 2.4 Theoretical Review .....                 | 19        |
| 2.4.1 Conflict Resolution Theory .....       | 19        |

|  |           |
|--|-----------|
| 2.4.2 Social Influence Theory .....  | 21        |
| 2.4.3 Theory of Reasoned Action.....   | 22        |
| 2.4.4 Unified Theory of Acceptance and Use of Technology .....                   | 23        |
| 2.5 Empirical Literature Review .....  | 23        |
| 2.5.1 Perceived Benefits and Adoption of Alternative Dispute Resolution.....     | 24        |
| 2.5.2 Perceived Ease of Use and Adoption of Alternative Dispute Resolution ..... | 26        |
| 2.5.3 Knowledge & Awareness and Adoption of Alternative Dispute Resolution ..... | 28        |
| 2.6 Research Gaps.....   | 31        |
| 2.7 Conceptual Framework.....  | 32        |
| <b>CHAPTER THREE .....</b>   | <b>32</b> |
| <b>RESEARCH METHODOLOGY.....</b>   | <b>33</b> |
| 3.1 Introduction .....   | 33        |
| 3.2 Research Design.....   | 33        |
| 3.3 Target Population .....  | 33        |
| 3.4 Sampling Frame .....   | 34        |
| 3.5 Sample and Sampling Technique .....  | 34        |
| 3.5.1 Sample Size.....   | 35        |
| 3.6 Data Collection Methods .....  | 35        |
| 3.6.1 Data collection instruments .....  | 36        |
| 3.7 Pilot Study .....  | 36        |
| 3.7.1 Reliability and Validity .....   | 37        |
| 3.8 Data Analysis and Presentation.....  | 38        |
| 3.9 Diagnostic Test .....  | 39        |
| 3.9.1 Linearity Test .....   | 39        |
| 3.9.2 Normality Test.....  | 40        |
| 3.9.3 Multicollinearity Test.....  | 40        |
| 3.9.4 Heteroscedasticity Test .....  | 40        |
| 3.10 Data Measurements .....   | 41        |
| 3.11 Ethical Considerations .....  | 41        |

|  |           |
|--|-----------|
| <b>CHAPTER FOUR.....</b>                             | <b>43</b> |
| <b>RESEARCH FINDINGS AND DISCUSSIONS .....</b>       | <b>43</b> |
| 4.1 Introduction .....                               | 43        |
| 4.2 Response Rate.....                               | 43        |
| 4.3 Demographic Characteristics .....                | 43        |
| 4.3.1 Position in the company .....                  | 43        |
| 4.3.2 Sector of Organization .....                   | 44        |
| 4.3.3 Work Experience .....                          | 45        |
| 4.3.4 Existence of the Company.....                  | 45        |
| 4.4 Pilot Study Results .....                        | 46        |
| 4.4.1 Reliability Results.....                       | 46        |
| 4.5 Descriptive Analysis.....                        | 47        |
| 4.5.1 Perceived Benefits of ADR .....                | 47        |
| 4.5.2 Perceived Ease of Use of ADR.....              | 49        |
| 4.5.3 Knowledge and Awareness on ADR.....            | 50        |
| 4.5.4 ADR Adoption .....                             | 52        |
| 4.6 Diagnostics Tests .....                          | 53        |
| 4.6.1 Linearity Test .....                           | 53        |
| 4.6.2 The Normality Test.....                        | 53        |
| 4.6.3 The Gauss Markov Test .....                    | 54        |
| 4.6.4 Heteroscedasticity.....                        | 55        |
| 4.6.5 Correlation Analysis- collinearity test.....   | 56        |
| 4.7 Inferential Statistics .....                     | 57        |
| 4.7.1 Correlation Analysis .....                     | 57        |
| 4.7.2 Regression Analysis.....                       | 58        |
| 4.8 Discussion of Key Findings .....                 | 61        |
| <b>CHAPTER FIVE .....</b>                            | <b>63</b> |
| <b>SUMMARY, CONCLUSIONS AND RECOMMENDATIONS.....</b> | <b>64</b> |
| 5.1 Introduction .....                               | 64        |
| 5.2 Summary of the Findings.....                     | 64        |
| 5.2.1 Perceived benefits of ADR.....                 | 64        |
| 5.2.2 Perceived Ease of use of ADR.....              | 65        |
| 5.2.3 ADR Knowledge and Awareness .....              | 66        |

|   |    |
|---|----|
| 5.3 Conclusion .....                              | 67 |
| 5.4 Recommendations from the Study.....           | 67 |
| 5.4.1 Recommendations to Theory .....             | 67 |
| 5.4.2 Recommendations to Policy and Practice..... | 68 |
| 5.5 Limitations of the Study .....                | 69 |
| 5.6 Suggestions of Further Study .....            | 69 |
| REFERENCES .....                                  | 70 |
| APPENDICES .....                                  | 74 |
| Appendix I: Introduction Letter .....             | 74 |
| Appendix II: Questionnaire.....                   | 76 |
| Appendix III: Medium Taxpayers .....              | 81 |
| Appendix V: Research Permit.....                  | 95 |

## LIST OF TABLES

|   |    |
|---|----|
| Table 2.1: Summary of Literature and Research Gaps .....              | 31 |
| Table 3.1: Measurement of Variables.....                              | 41 |
| Table 4.1: Response Rate .....  | 43 |
| Table 4.2: Position in the company .....                              | 44 |
| Table 4.3: The sector of the organization .....                       | 44 |
| Table 4.4: Work Experience .....                                      | 45 |
| Table 4.5: Age of the Company .....                                   | 45 |
| Table 4.6: Reliability results .....                                  | 46 |
| Table 4.7: Descriptive Results for Perceived Benefits of ADR.....     | 48 |
| Table 4.8: Descriptive Results for Perceived Ease of Use of ADR ..... | 49 |
| Table 4.9: Descriptive Results for ADR knowledge and Awareness.....   | 50 |
| Table 4.10: Descriptive Results for ADR Adoption.....                 | 52 |
| Table 4.11: Testing for normality using Shapiro- Wilk Statistic ..... | 54 |
| Table 4.12: Test for Heteroscedasticity .....                         | 55 |
| Table 4.13: Multicollinearity Test.....                               | 56 |
| Table 4.14: Correlation Results .....                                 | 57 |
| Table 4.15: Model Fitness .....                                       | 58 |
| Table 4.16: ANOVA.....  | 58 |
| Table 4.17: Regression of Coefficients .....                          | 59 |
| Table 4.18: Summary of Hypothesis Testing.....                        | 61 |

**LIST OF FIGURES**

|  |    |
|--|----|
| Figure 2.1: Conceptual Framework.....                | 32 |
| Figure 4.1: Linearity Tests using Scatter Plots..... | 53 |
| Figure 4.2: Histogram .....                          | 55 |

## OPERATIONAL DEFINITION OF TERMS

**Alternative Dispute Resolution** - use of methods other than going to court to solve disputes. The methods include mediation, litigation and arbitration (Garner, 2009).

**Medium Taxpayer** – refers to taxpayers with a turnover per annum of between Ksh 350 Million and Ksh 1 Billion (KRA, 2019)

**Perceived Benefit** - is defined as the degree to which an innovation is perceived to be better than the idea it supersedes (Karayanni, 2003).

**Perceived Ease of Use** is the extent to which an individual perceives the usage of particular application led to achievement of certain objectives (Davis, 1989)

**Tax** - is a mandatory financial charge or some other type of levy imposed upon a taxpayer by a governmental organization (Galanter, 2004).

**Tax Disputes** - any contention by a Tax authority (including by way of the issuance of any assessment or correspondence) that a liability to Tax may arise or that a Tax Relief may not be available (Galanter, 2004).

**Tax Management** - Is the push for efficiency and cost saving by companies to comply and minimize the taxes paid (Muigua, 2014).

**ABBREVIATIONS AND ACRONYMS**

|              |  |
|--------------|--|
| <b>ADR</b>   | Alternative Dispute Resolution                     |
| <b>CEDR</b>  | Centre for Effective Dispute Resolution            |
| <b>CTDR</b>  | Corporate Tax Dispute Resolution                   |
| <b>ICPAK</b> | Institute of Certified Public Accountants of Kenya |
| <b>KRA</b>   | Kenya Revenue Authority                            |
| <b>LTO</b>   | Large Taxpayers Office                             |
| <b>OECD</b>  | Organization for Economic Development              |
| <b>SARS</b>  | South Africa Revenue Services                      |
| <b>SME</b>   | Small and Medium sized Enterprises                 |
| <b>SPIDR</b> | Society of Professionals in Dispute Resolution     |
| <b>SPSS</b>  | Statistical Packages for Social Sciences           |
| <b>TAA</b>   | Tax Administration Act                             |
| <b>TAM</b>   | Technology Acceptance Model                        |
| <b>TAT</b>   | Tax Appeals Tribunal                               |
| <b>TDR</b>   | Traditional Dispute Resolution                     |
| <b>TPA</b>   | Tax Procedures Act                                 |
| <b>UK</b>    | United Kingdom                                     |
| <b>VAT</b>   | Value Added Tax                                    |

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Overview**

This chapter focused on the study background, the problem statement, research goals and hypotheses, the study's scope and significance.

#### **1.2 Background to the Study**

Alternative Dispute Resolution (ADR) refers to processes, such as arbitration or mediation, to settle disputes by means other than litigation (Garner, 2009). In every society, there exists an array of mechanisms both legal and non-legal to resolve disputes. Litigation is the most popular among the many available dispute resolution mechanisms. However, Muigua (2015) argues that social, economic, legal, procedural, and institutional challenges have become a major impediment to access of justice through litigation.

##### **1.2.1 Global Perspective**

The court mechanism has and still is inaccessible by majority of people owing to its adversarial nature, which involves complex procedures and processes making it expensive and time consuming (Muigua, 2014). In addition, the court system due to its adversarial nature attracts additional costs in terms of fees levied by the court as well as the fees for the legal representatives of the parties in dispute. The huge amount of paper work involved in the litigation process further aggravates the costly nature of the court system. Due to these challenges, ADR forms a better alternative to the court system as it provides an avenue to settle disputes in a much more inexpensive manner (Hensler, 2003).

Deployment or availability of any particular ADR method depends on specific factors: the clause relating to ADR in agreements between the parties; availability of knowledgeable individuals in the process of ADR; and support provided by the legal system in a country to ADR methods while the fourth is availability of necessary infrastructure facilities which are important in selection of any ADR method. Thuronyi and Espejo (2013) advanced that existence of backlog of tax cases in any revenue administration agency arising from tax disputes may hinder efficiency and effectiveness in revenue collection. Consequently, there has been gradual increase in adoption of ADR in resolution of tax disputes, which has been influenced by the need to reduce the increase in caseload of tax disputes on appeal. This is with a view to simplify the dispute resolution process for the taxpayers as well as to minimize collection and compliance costs on the part of the revenue administration agency.

Globally, there has been a shift towards the adoption of ADR as a primary means of dispute resolution (McGregor, 2015). Shome, et al. (2014) postulates that majority of advanced tax administrations have established fully functional organizations for dispute settlement that act independent of the tax administration. This serves to boost taxpayer confidence in the objectivity of the process that then has the ripple effect of minimizing compliance costs on the part of the taxpayer and as a result enhance revenue collection.

From a regional perspective, Theron (2016) observes that increase in tax disputes in South Africa Revenue Services (SARS) led to the adoption of measures geared towards collection of more revenue. One of these measures was adoption of ADR as stipulated under the Tax Administration Act (2011) to ensure a quicker, less formal and less costly approach to solve tax disputes. The South African Tax Administration Act (TAA) provides a comprehensive legislative framework for resolution of tax

disputes through ADR. However, notwithstanding the aim of enhancing efficiency and effectiveness through ADR, SARS cannot forfeit taxes that are legally due under the TAA thereby safeguarding tax losses.

In the sense of ADR, adoption implies approval, being able to embrace the new way of doing things as it is applied, and adopting the strategy implies the willingness of a customer to use the service (Makongoro, 2014). In a situation of conflict, construction is not feasible. For progress to take place, conflicts and disputes must be handled efficiently and expeditiously (Muigua, 2014). This is done through existing formal and informal mechanisms (ADR). Over the last thirty years, the use of ADR has remarkably grown in different jurisdictions, such as the US, England, Canada, Australia, Wales, and New Zealand. As a result, the rate of civil trials has equally decreased during the same period. An observation by Galanter (2004) indicated a decline in the number of disputes in the jurisdictions under study discontinued by a court from 11.5% in 1962 to 1.8% in 2002. Spen (1994) and Houseman (1993) observe that the poor in society are the most marginalized in terms of access to justice. This is due to the high cost of hiring lawyers in litigation. ADR is a reprieve to such groups.

### **1.2.2 Kenyan Perspective**

In Kenya, ADR mechanisms are anchored in the law. With the promulgation of the Constitution in 2010 in Kenya, Article 159(2) introduced ADR as a guiding principle to the judicial authorities. This was further underscored by the inclusion of Article 201, which requires that the burden of taxation is shared fairly in line with the principle of equity in taxation.

Consequently, in line with the spirit of the constitution, the Tax Appeals Tribunal (TAT) was established in 2013 to simplify the resolution of tax disputes through efficient management and administration of tax appeals. However, since the tribunal has quasi-judicial powers, its effectiveness in resolving tax disputes is subject to similar challenges faced by the court systems. Therefore, this necessitated the adoption of other mechanisms to aid in faster resolution of tax disputes, which would then aid in releasing revenue held up in cases. In 2015, the Tax Procedures Act (TPA) was enacted with Section 55 of the Act making provision for parties appearing before a court or tribunal to opt to settle the matter out of court. This gave momentum to the establishment of the Corporate Tax Dispute Resolution Department (now known as the Tax Dispute Resolution Division) in KRA to spearhead the ADR functions. Despite the inclusion of ADR in legislation, adoption of the same is not mandatory and parties in a dispute have the discretion to choose their most preferred mode of dispute resolution based on each party's circumstances. As a result, despite being one of its revenue enhancements initiatives, there has been limited revenue collection attributable to ADR.

Article 159 of the Constitution provides for the promotion of alternate modes of conflict settlement, including reconciliation, mediation, arbitration and conventional dispute resolution procedures, by the courts and tribunals in the exercise of judicial authority. However, with corporations and other parties pursuing arbitration instead of settling tax disputes under the umbrella of ADR, there has been a low adoption of ADR in dispute resolution in Kenya. On the other hand, a high percentage of disputes in Kenya are settled outside the courts or well before they reach the courts by using TDR procedures. TDR and other collective justice methods are widely used by communities to settle conflicts because of their legitimacy and usability. Estate

disputes, marriage, gender violence, family cases such as inheritance, clan disputes, cattle rustling, debt recovery, general group problems and the settlement of political conflicts in the group, and welfare concerns such as nuisance, child welfare and abuse of elderly in a community among the community are the major disputes usually settled in the villages by TDR systems.

Generally, except for serious criminal offenses that warrant the involvement of the judiciary, all cases are resolvable by TDR. The low uptake of ADR mechanism in tax dispute resolution is a cause of concern, which calls for investigation on what is contributing to the low utilization of ADR mechanism in tax dispute resolutions.

### **1.2.3 Determinants of Adoption of ADR**

In general, the importance of ADR in the modern civil justice system is acknowledged. Most of the current debate focuses on the form of ADR procedures, the implementation of policies and the role that conventional conflict resolution mechanisms can play (Onyema, 2016). The KRA view is that more than merely delivering an adjudication service based on the conventional adversarial method, the suitable role of the courts is. Courts can (and do) accommodate different methods of resolving civil conflicts and refer parties before engaging in litigation to pursue settlement of disputes by ADR.

The perceived advantages, perceived ease of use, knowledge and sophistication of the ADR mechanism, the desirability of judicial facilitation of ADR procedures, and the appropriateness and resources needed for direct judicial involvement in ADR are currently major issues. Another contentious topic concerning the adoption of ADR is whether ADR can be forcibly referred to by parties (Muigua, 2018). This study focused on how the perceived advantages, perceived ease of use, and knowledge and

understanding of the system and method of ADR affect the adoption of ADR in Nairobi County by medium-sized taxpayers. The perceived ease of use as developed by Davis (1989) is the degree to which a person perceives the use of specific applications that have contributed to certain goals being achieved. Depending on the service, this can be determined by the level of service use and the benefits received by the person. Perceived benefit is characterized as the extent to which an invention is considered better than the idea it replaces (Karayanni, 2003). For a long time, litigation has been the primary mode of resolution of civil disputes. However ADR is gaining popularity which serves to provide an alternative to litigation in disputes settlement due to its perceived benefits compared to litigation. The choice of these factors is based on the fact that ADR has only been introduced in Kenya as a mechanism of tax dispute resolution and these factors could play a big role in building the acceptability and momentum of ADR use.

### **1.3 Statement of the Problem**

Muigua (2014) advances that the adversarial court system is not efficient and effective in promoting access to justice due to its expense, time spent and complex nature. The court system is also unfriendly due to use of legal technical terms and its inaccessibility further hindering access to justice. Therefore, the need for ADR in the resolution of tax disputes is underscored. The promulgation of the Constitution 2010 provided an avenue for the incorporation of ADR in resolution of disputes. Subsequently, the enactment of the Tax Appeals Act and the Tax Procedures Act provided a basis for the resolution of tax disputes through ADR. It was envisioned that ADR would help fasten the release of taxes held up in disputes by seamlessly navigating the hurdles associated with litigation and in so doing enhance revenue

collection by minimizing the cost of collection and administration. This would in effect help the revenue administration to meet its revenue targets.

Over time, awareness of taxpayer's constitutional rights has increased thereby increasing the number of tax disputes taken to Courts in the recent past. Due to the complexity and technicality of tax matters, resolution of tax disputes through the adversarial Court system creates the impression that tax systems are biased against taxpayers in general and genuine investments are vilified if tax benefits are involved. The ADR is considered more relevant since it facilitates release of sizeable amounts of tax revenue held in disputes while at the same time enhancing better relationships between the tax payer and the tax administration which is beneficial in tax management (Govind & Varanasi, 2013).

However, despite the benefits associated with ADR, adoption of ADR tax disputes resolutions is still low. According to ICPAK (2017), there is slow adoption of ADR in regions outside Nairobi and Mombasa. Additionally, even in Nairobi and Mombasa, ICPAK reported that the parties have been adopting hardline approach instead of a win-win approach. Shamir (2003) argues that mediators only help the disputants to reach an amicable solution to their dispute, which is reduced into writing in the form of a settlement agreement. If the parties do not come to a consensus on how to settle the dispute, then each party is at liberty to explore other avenues of dispute settlement such as litigation. Accordingly, due to the non-binding nature of facilitated mediation, the possibility of resulting in litigation, in the end, may discourage the use of ADR in tax disputes settlement (Shamir, 2003). The hardline approach by taxpayers in effect negates the benefits associated with ADR as in the end; parties have to resort to litigation of tax disputes.

A number of factors hinder ADR mechanisms among them, the lack of support from the legal system and other external factors. Additionally, perceived ease of use, perceived benefits and knowledge or awareness of ADR could potentially influence its adoption. In Kenya, limited studies have been conducted addressing the issue of ADR adoption. A study by Ndegwa (2019) on the adoption of alternative dispute resolution in Kenyan tax disputes concluded that taxpayers were neutral (that is, neither agreed nor disagreed) on the effectiveness of the ADR process. The taxpayers were of the view that the KRA has not done sufficient sensitization of the ADR process to taxpayers involved in tax disputes. The study did not address the factors that would influence a taxpayer to adopt ADR in tax disputes. Kashindi (2017) reviewed the constitutional, legal and policy framework of ADR to evaluate its viability for inclusion in ADR processes. However, his study was limited to a theoretical legal perspective and did not seek the views of taxpayers on any aspect. In that regard, this study aims to fill that information gap and help accelerate the adoption of ADR. Therefore, the study sought to determine the factors influencing adoption of alternative dispute resolution in tax management amongst medium taxpayers in Nairobi County.

#### **1.4 General Objective of the Study**

The general objective of the study was to determine the factors influencing adoption of ADR mechanisms in tax management amongst medium taxpayers in Nairobi County.

##### **1.4.1 Specific Objectives of the study**

The study was guided by the following specific objectives:

- i. To examine the influence of perceived benefits of ADR on adoption of alternative dispute resolution by medium taxpayers in Nairobi County.
- ii. To establish the influence of perceived ease of use of ADR on adoption of alternative dispute resolution by medium taxpayers in Nairobi County.
- iii. To analyze the influence of ADR knowledge and awareness on adoption of alternative dispute resolution by medium taxpayers in Nairobi County.

#### **1.4.2 Research Hypotheses**

**H<sub>01</sub>:** Perceived benefits do not significantly influence ADR adoption amongst medium taxpayers in Nairobi County.

**H<sub>02</sub>:** Perceived ease of use does not significantly influence ADR adoption amongst medium taxpayers in Nairobi County.

**H<sub>03</sub>:** Knowledge and awareness do not significantly influence ADR adoption amongst medium taxpayers in Nairobi County.

#### **1.5 Scope of the Study**

The study focused only on the factors influencing adoption of ADR mechanisms among the medium taxpayers in Nairobi County. Specifically, the study sought to investigate the influence of perceived benefits, perceived ease of use and ADR knowledge and awareness on adoption of alternative dispute resolutions. The study was conducted in year 2019. The study was guided by explanatory survey research design and the sample size was 385 medium taxpayers. Data was collected using questionnaires from the selected medium taxpayers in Nairobi County. The inferential statistics covered were correlation and regression analysis. The study is only limited to mediation as a means of alternative dispute resolution being the mode of tax dispute resolution adopted by KRA.

### **1.6 Significance of the Study**

The study contributed significantly to the research regarding the effectiveness and use of alternative dispute mechanism. By answering the research questions, it is pertinent to the development and implementation of ADR methods. Additionally, it was important for other scholars since it build and contributed to the existing literature in ADR. Since there exists scanty literature on ADR in Kenya, in particular there is no study, which has been documented regarding the influence of organization factors on adoption of ADR mechanism.

The study may be crucial in formation of new theories. The test of hypothesis aided the development of new theories of alternative tax dispute resolutions in relation to applicability and use by different organizations. The study criticized or affirmed the existing theories to bring up new views in relation to the matter.

In practice, the may be important to organizations and KRA on understanding how different aspects of adoption influence the acceptability and use of ADR and whether the process should be made mandatory or not. As such, it was helpful to the KRA Management as it gave insight on the need to capitalize on the benefits of ADR to enhance collection of revenue by identifying existing loopholes in the KRA ADR framework and the formulation of policies to promote the use of ADR in resolution of disputes as a means to enhance revenue performance.

The findings of the study provided recommendations to the KRA Management on the areas for improvement regarding tax compliance. As such, it was insightful to formulation of new policies by policy makers. The representatives in the legislature and the government used the findings of this study to create policies and regulations

that would promote ADR in tax disputes thus contributing to the collection of more revenue.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

The theoretical analysis, empirical review, and the conceptual framework are discussed in this chapter and a critique of current literature applicable to the study, research gaps, and literature summary is given. The chapter also presents the literature review on adoption of ADR in tax disputes and other forms of disputes as well as factors that influence adoption of new strategies in dispute resolution. The section summarizes the work of other researchers who have carried out studies on the subject.

#### **2.2 Concept of ADR Mechanism**

A concept used to define many different methods of resolving legal disputes is Alternative Dispute Resolution (ADR) (Folberg, 2019). Both the business community and people accept that it is difficult for one to litigate and seek timely justice. The courts are plagued by lawsuits that result in a delay of a year or more for the parties to hear and settle their lawsuits. In response, the ADR Mechanism was developed to solve this problem of delayed justice (Shamir, 2016).

A broad variety of processes are commonly described as alternative dispute resolution. Procedures for dispute resolution that is alternative to adjudication by court proceedings are referred to as alternative strategies for settling disputes (Folberg, 2019). These approaches generally require a neutral third party, a competent assistant who either assists the parties in a dispute or disagreement to make a decision by consensus or encourages the settlement of the issue between the parties to the dispute. By the same approach used, the alternative conflict resolution system will maintain and strengthen personal and business relationships that would otherwise be affected by the adversarial process. It is also versatile because it enables the

contestants to select procedures that suit the essence of the conflict and the context of the company in which it takes place (Roche, 2019).

In the context of tax, ADR refers to mechanisms that open up channels for taxpayers to collaborate with tax administrators, and resolve controversies relating to their tax affairs, thereby avoiding litigation. It also includes approaches whereby taxpayers work with the tax administrators to obtain certainty on a potential tax issue and reaching an agreement on a certain tax position thereby giving both parties certainty and the ability to channel scarce resources into more productive activities. The main advantage of this approach is that the tax administrators cannot later raise an assessment on a position that was previously agreed and settled with the taxpayer (Shamir, 2016).

In Europe, ADR was applied on commercial arbitration in the 10th and 11th centuries. The process was voluntary and participatory, with merchants who refused to accept the decision of an informal judge ostracized by other merchants (Mucheru, 2019). In the 16th century, during both the Dutch colonial era (1624-1664) and the British colonial era (1664-1776), commercial arbitration was commonly used in New York City. ADR began to develop over time in many nations, but it was fully implemented after the First World War, where it was used to settle labor disputes and set up labor agreements to help the war effort to end peace in Europe. The ADR was also used to solve crisis formed by the World War II. From the 1970s onwards, the United States of America has significantly developed the use of ADR in diplomacy, environmental law, the Federal and State Governments (Mucheru, 2019).

With the acceptance of the ADR as a dispute resolution mechanism, different bodies were formed to lead the ADR process. In 1926, the American Arbitration Association

was created. This was a public service and not for profit organization. The Supreme Court approved the jurisdiction of labor arbitrators in the United States in 1962, with the Ford Foundation setting up the National Centre for Contract Settlement and Mediation and Conflict Resolution Centre to expand ADR labor control to human rights, campus and community disputes. In 1972, as a membership association for ADR practitioners, the Society of Professionals in Dispute Resolution (SPIDR) was established. SPIDR combined with the Academy of Family Mediators and the Education Network for Conflict Resolution in 2001 to create the Conflict Resolution Association. In 1979, the Judicial Arbitration and Mediation Service (now called JAMS) was set up as a private for-profit ADR service provider, it is now the largest private ADR service provider in the world (Menkel Meadow, 2015).

In Africa, ADR has been in existence for a longer period. Traditionally, ADR existed as a means of solving disputes (Muigua, 2012). According to Fiadjoe (2004), where elders lacked coercive means of resolving disputes, consensus was used to solve the dispute as an alternative dispute resolution process. Muigua and Francis (2015) refers to this as Traditional Dispute Resolution (TDR) mechanisms. Such was applied by the Bushmen of Kalahari (Muigua & Francis, 2015), the Kpelle of Central Liberia (Barrett, 2004), the Yoruba of Nigeria (Barrett, 2004), the chiefs in Ghana (Fiadjoe, 2004) and the Council of Elders in Kenya (Joseph, Osamba and Murage, 2017). Though the mechanism used by the elders and the chiefs who headed the traditional dispute resolution process varied, they had similar intention of solving the dispute in their communities. Such mechanisms used included but not limited to proverbs, persuasion, subtle blackmail, precedent and magic.

Generally, ADR approach is gaining popularity in Kenya. With the recently enacted tax legislation there has been a trend to incorporate certain aspects of ADR under

public rulings, the commissioner can make general public rulings setting out his interpretation on the application of the Act. Taxpayers can also apply to the commissioner for private rulings about their own transactions. These private rulings avenue, in particular, provides for a process akin to ADR whereby the commissioner and the taxpayer can reach a binding position on the law without having to resort to litigation. The provisions on public and private rulings have been incorporated in the Tax procedures Act 2015. This provides the taxpayer with certainty of the tax implications of their transactions thus leading to greater certainty and compliance (Muigua & Kariuki, 2014). In addition, the Act makes provision for the parties to opt to resolve to ADR for the resolution of any disputes before the tribunal or court.

### **2.3 Determinants of Adoption of ADR**

The study sought to investigate perceived benefits, perceived ease of use and adoption and level of knowledge and awareness as determinants for adoption of Alternative Dispute Resolution.

#### **2.3.1 Perceived Benefits**

Perceived benefits are a measure of the degree to which the use of a change, technology or solution can increase the job performance of a consumer. Most of the previous studies overlooked the uniqueness of the sense of study and modelled the presumed utility as a black box that focuses on the overall value of improvement or innovation (Mohebi, 2013).

Consumers buying a truly new product or service expect the cost of buying the new product or service to outweigh the worth of the product or service they receive. When evaluating a new product or service for potential adoption, consumers weigh the

advantage against the risk of adoption, and if the perceived value outweighs the perceived cost, consumers are more likely to adopt (Porter, 2014).

Construal Level Theory (CLT) means that the costs of introducing a new product or service (e.g. monetary cost, learning initiative, time commitment) are understood as low-level, subordinate elements of the new product or service. The benefits of introducing a new product or service, on the other hand, are understood to be high-level, superior features of the new product or service (e.g., that which enables one to do new things). The subordination of low-level constructive aspects to high-level constructive aspects indicates an asymmetry in the conditional importance of these two types of aspects (Eyal, et al., 2004).

This asymmetry implies that the meaning of some aspects of the low level depends more on the importance of the aspects of the high level than on the relevance of the aspects of the low level. For example, evaluating the possible implementation of a new product or service, viability considerations are only relevant if acceptance is favorable, but desirability remains important if viability is high or poor. The desirability of a new product or service would then derive from the perceived advantages of implementing a new product or service, whereas feasibility would be generated by the perceived costs of implementing a new product or service. Therefore, for potential acceptance, it is important to determine the background of a genuinely new service (Kamimura, 2014).

Several contributions in terms of adoption have been made by integrating CLT with literature on new product assessment and adoption. Studies have provided proof of the effects of perceived advantages on the purpose of introducing genuinely new goods or services. Cost is not an essential aspect for individuals with a strong innovation

characteristic when assessing a new product or service for future acceptance. Perceived benefits and costs of ADR are important factors for ADR adoption in conjunction with this research.

### **2.3.2 Perceived Ease of Use**

Previous research has shown that perceived ease of use is a significant factor affecting information technology consumer acceptance and use behaviour. Perceived Utility (PU), reflects the degree to which individuals consider the use of a specific system to optimize their productivity while perceived ease of use (PEOU), reflects the extent to which individuals feel that it is easy to use a particular system (Hess, 2014).

According to the Technology Acceptance Model, the adoption of a strategy, scheme or technology is defined by the behavioral meaning, and the behavioral intent is defined by the attitude towards use and the value of interpretation, and the intended use is calculated by the perceived effectiveness and ease of use. Perceived ease of use is measured by interior variables. The internal variables include the views, behaviors, and intentions of reform, scheme, or technology, and the variations between various persons, environmental restrictions, and factors of controllable intervention (Hess, 2014).

According to Wang and Ha-Brookshire (2018), the perceived ease of use refers to the degree to which the user thinks that using specific technologies would be simple and hassle-free. They also found that perceived ease of use was emphasized more on the ease of use of technology with smooth relationships within the Chinese textile and apparel business owners between the company's assets, employee expertise, and technology infrastructure.

Mustapha and Sheik Obid (2015) examined the mediating impact of perceived ease of use on the relationship between the efficiency of tax services and online tax, in order to explain the effective use of the online tax scheme by self-employed taxpayers in Nigeria. They observed that the association between the quality of tax services and the perceived ease of use was substantial and that, in comparison to the online tax system, the perceived ease of use was statistically favorable. It is equally important to investigate the impact of perceived ease of use on ADR adoption.

### **2.3.3 Level of Knowledge and Awareness**

Five features that decide the rate of acceptance of innovation or change were defined by Rogers (1995). He concluded that the decision to pursue an innovation is a behavioral process composed of five stages: knowledge, persuasion, decision-making, execution and validation. Rogers (1995) indicated that the perception and experience of an individual determines when the individual adopts progress and considers five consecutive adopter groups: innovators, early adopters, early majority, late majority and laggards. The acceptance process is often affected by so-called receiver factors, such as personality attributes, social features and the perceived impression of innovation or enhancement.

Knowledge of technology, innovation or change is a significant precondition for adoption, according to Reams (2015). However, exposure to technology, innovation or transition is not spontaneous in most cases. Individuals may be exposed to emerging technology because, based on the bias of their higher likelihood of acceptance, they are targeted by researchers or extension staff. Individuals can also be exposed to new technology, innovation or change through their private or self-interest and efforts. These facts illustrate the fact that individual knowledge is inherently non-

random and suffers from selection bias, so the relationship between awareness and adoption cannot be defined linearly.

This study looked at the concept of knowledge and awareness and how it influences the adoption of ADR methods. Research suggests that high level of skills and knowledge regarding the innovation or change is pertinent and facilitates the adoption of innovation. This is justified by trainings, education and marketing which not only improves the individual knowledge regarding the innovation but also increases the awareness of the innovation.

## **2.4 Theoretical Review**

The research was anchored on the conflict resolution theory, social influence theory, theory of reasoned action and unified theory of acceptance and use of technology.

### **2.4.1 Conflict Resolution Theory**

The theory was introduced by Burton (1990) and implies that productive cooperative problem-solving mechanisms are the constructive process of conflict resolution. The dispute resolution process is also equated with a competitive process in which the opposing parties are engaged in a competition to decide the one who wins and the one who loses (Deutsch, 2011). The standards of cooperative behaviour are similar to those of respect for mates or fellow community members, transparency, integrity, empowerment and caring behaviour. This theory notes that successful cooperative relationships promote the management of unavoidable disputes in a productive way.

In this theory, the norms are: keeping the differences in perspective by establishing common ground and common values, discussing only the problems while disagreements occur, and refraining from making personal attacks. In disputes, they also aim to fully appreciate the views of the other from their viewpoint and draw on

the ideas of the other, understanding their importance (Coleman, Deutsch & Marcus, 2014). Emphasize the good on the other side and the potential for effective conflict resolution, restrict and monitor expressions of your negative feelings so that they are mainly directed at the breach of cooperative norms by the other or the defeatism of the other, take responsibility for the (intense) harmful effects of what you do and say and try to reverse the harm and make it sincere. Also, be able to forgive, pursue reconciliation rather than nurturing an injury or grudge if the other hurts you (Coleman et al., 2014).

Sandole (1993) states that conflict resolution requires a committed or unintended approach to problem solving, direct involvement by the opposing parties in forming the solution together, and facilitation by a third party skilled in the conflict resolution method. He further notes that cultural and institutional tension exists. In cultural conflict, parties bring major differences in values to their relationship, while structural conflict deals with power deficiencies within an entity, culture, state or area of one or both parties that prohibit them from fulfilling their needs. Burton (1993) is concerned with transforming structurally violent processes that influence the lives of people to the point that, if not their lives, they are very able to burst their way into their consciousness.

The conflict resolution theory was applicable in this study since it explained the importance of a problem solving approach in handling disputes. In this study, the focus was on the application of the ADR mechanisms in tax management amongst medium taxpayers. The study therefore considered ADR mechanisms as a possible solution to addressing tax related disputes. Thus, the theory supported the relationship between ADR mechanisms and tax management amongst medium taxpayers.

### **2.4.2 Social Influence Theory**

Kelman (1958), who offered a well-established basis for understanding the social actions of individuals relating to identities, advanced this theory. The theory of social control identifies a number of social commitment styles and levels: enforcement, recognition, and internalization. The theory of Kelman (1958) describes how the various processes of commitment alter the attitude towards target actions. Compliance, for example, happens when an individual embraces control because, with a normative commitment, he or she wishes to receive a positive response from another person or community. Identification happens when system users adopt activities with an affective attachment in order to realize a rewarding and self-defining relationship with another person or community. Internalization happens when consumers of programs adopt behaviors because of content that they discover with intrinsic incentive congruent with their own beliefs. These social impact factors alter the belief system of a person, causing a person to react to the potential benefit of social status.

This study includes social norms that is compliance and acceptability of ADR, social identity in that the medium companies' method of dispute resolution can be through ADR and perceived benefits or enjoyment which is the internalization of every individual company forming the core reason why they would adopt and use ADR mechanism.

Social impact describes how our feelings, attitudes, and behaviors react to our social world, including our tendencies to comply with others, observe social norms, and obey authority figures (Rana & Dwivedi, 2015). Social effect is assumed by two basic types: implicit expectations and explicit expectations. Unspoken laws are tacit assumptions. Implicit standards are imposed by community norms, much like the

unwritten laws of middle school. Explicit expectations are explicitly and formally stated, unlike implicit expectations, and not at all subtle. Two types of basic standards are also available: conformity and obedience. Compliance occurs when, in response to a direct or indirect order, an individual acts (Rana & Dwivedi, 2015).

In this sense, if another company solved their tax disputes through ADR mechanism and benefited from it, the ADR could be a norm and ostensibly other companies are more likely to follow suit. As such this theory supports the hypothesis that there is meaningful impact of perceived benefits of ADR on the adoption of alternative dispute resolution by medium taxpayers in Nairobi County.

#### **2.4.3 Theory of Reasoned Action**

The Reasoned Action Theory (TRA) is a general behavior theory that was first introduced in 1967 and further developed in 1980 by Fishbein. According to the reasoned action theory (Fishbein & Ajzen, 1975), behaviors (i.e. behavioral assessments) and subjective norms (i.e. perceived social obligation to perform or not to perform the behavior) affect behavioral intentions. Attitudes are affected by assumptions that are interpretations of behavioral traits (e.g. whether "healthy to eat" is irradiated food). Similarly, subjective norms are affected by the opinion of the person on what others may think about such actions and their motives to comply with these views.

Adoption of ADR mechanism is ostensibly influenced by attitudes and subjective norms which are all based on the knowledge and awareness of ADR mechanism. In that regard, the third objective of the analysis, which is the effect of information on the adoption of the ADR process relates to this principle. This is particularly because

knowledge influences beliefs and attitudes and consequently makes the management of the companies to reason whether to adopt ADR mechanism or not.

#### **2.4.4 Unified Theory of Acceptance and Use of Technology**

Venkatesh et al. (2003) developed the unified theory of acceptance and use of technology. The theory suggests that expectation of success, expectation of effort, and social effect predict behavioral purpose towards the adoption of information technology. The theory also indicates that the facilitation of situations and behavioral intent predicts the use of actions in the adoption of information technology. The theory was built on the basis of social cognitive theory with a combination of eight prominent research models of acceptance of information technology (IT) using four core determinants of use and purpose (performance expectation, effort expectation, social influence and facilitating conditions) along with four main relationship moderators (gender , age, experience and voluntary use).

The definition applies to the adoption of the ADR mechanism, although the model has been mainly used in the adoption of the information system. Efficiency expectancy, which also involves anticipated benefits, effort expectancy, which covers the presumed ease of use, and facilitating factors such as the degree of knowledge, are the key points of the theory that applies to the present research. The theory was particularly applied to explain the perceived ease of use of ADR mechanisms.

This hypothesis was used in that sense to anchor the study and expound on the study's results.

#### **2.5 Empirical Literature Review**

Empirical literature was reviewed on studies done in relation to study variables; perceived benefits, perceived ease of use and adoption of alternative dispute resolution mechanism.

### **2.5.1 Perceived Benefits and Adoption of Alternative Dispute Resolution**

Numerous investigations have been done on the influence of perceived benefits on change, or adoption of technology, strategy or mechanism. However, few studies have concentrated on the effects of perceived benefits on adoption of ADR mechanism a fact which may be attributed to the fact that the adoption of ADR in tax management is in its initial stages of implementation. However, looking at other studies of change and adoption, perceived benefits has a great impact on adoption of the change or acceptability of mechanism, strategy and innovations.

Chemingui and Ben lallouna (2013) published a report on the opposition, causes, trust, and ability to use mobile financial services in Tunisia. This study paper identified reasons that could cause consumers to resist the use of digital technologies and the driving factors that could cause to the use of mobile financial services. The results showed that the use of mobile financial services posed some difficulties. Tradition was the greatest challenge, in which users expressed some aversion to modifying their attitudes and activities by encouraging mobile networks and providing deals to connect with service providers. Usage, cost, and risk are other obstacles to mobile banking adoption. This showed that consumers are attracted to choose the services that are compatible with their desires and behaviors; but, once they will get the ability to try the product or service, the personal pleasure by using the service and also the way they see the consistency of the term that has a beneficial impact on increasing consumer interest in the service.

Thakur (2014) published a report on what makes modern e-government service lines publicly accepted. In Mumbai, India, this analysis was carried out. The aim of the study was to see if the principles that conflict with each other are the perceived benefits and government service delivery. In order to attract more people, the study stressed these principles as being paramount in terms of government service delivery. The tool used for data collection was questionnaires aimed at people who had previously used the e-government system. These questionnaires were administered online by sending the respondents electronic hyperlinks. The results showed that satisfaction with e-government services had a positive impact on the delivery of government services. While the study highlighted the idea of perceived benefits in the field of governance, since the study centered on the impact of perceived benefits on e-government services and government efficiency, there is a contextual and geographical difference.

As a consideration that can impact the adoption of new agricultural goods, Chen (2013) as well as Laforet and Li (2005) have endorsed the perceived benefit. The methods of data collection used were distinct. The two studies generally showed that the perceived profit was not the only factor contributing to the adoption and use of new agricultural products, but other factors, such as prices. Contextually, the study focused on farming products while the current study focused on adoption of ADR mechanism in tax management.

The research by Lee, Yiu and Cheung (2016) provides a systematic analysis of the factors affecting the selection and usage of ADR in construction projects in Hong Kong over the last 32 years. A total of 446 papers were reported and reviewed from 21 building project-related journals. In terms of the analysis methodology used, distribution across countries and citation influences, these papers were then reviewed,

synthesized, and summarized. The studies on the option and usage of ADR were largely focused on utility studies.

Mwesigwa (2010) conducted research in Uganda to assess the relationship between customer perceptions, confidence, perceived risk and the adoption of internet banking. The primary data was obtained from commercial bank customers using a self-structured questionnaire. To assess the degree to which they contribute to the adoption of internet banking, a regression analysis was carried out focusing on customer perceptions, confidence, and perceived risk. The findings revealed a good association between consumer expectations, trust and internet banking acceptance. This suggests that if consumers have a favorable outlook towards internet banking, they are bound to trust the transactions carried out in this manner, and thus changing the views of consumers can give commercial banks more attention, which should be informative when planning any new internet service for financial customers. Similarly, the understanding of taxpayers about the benefits to be accrued from the adoption of ADR will affect their decision whether to use ADR or not.

### **2.5.2 Perceived Ease of Use and Adoption of Alternative Dispute Resolution**

Various studies have focused on perception of ease of use and performance expectancy but majority of them have been in the information technology field. An analysis of household viewpoints on the development impact of using the Internet and mobile phones in Kenya was undertaken by Nyambura and Waema (2013). The acceptance of the Internet and mobile phones for progression and also the impediment of different growth factors that have communicated fundamental improvements to Kenyan households have been discussed in this paper in recent years. The results of this study revealed that high importance is attached to new technology and, in

particular, to cell phones, advising that new technologies encourage some capabilities and limit others, contributing to diverse outcomes of growth. Other factors contribute to the development and result of emerging innovations, such as societal, fiscal, human knowledge and status.

Mohammadi (2015) analyzed mobile banking use in Iran. On Facebook and LinkedIn, the questionnaires were administered randomly to 410 student participants via private emails. The findings of this study revealed that the primary determinant of customers' approach to using mobile banking was consistency with the system. The relation between ease of use and customers' attitude to mobile banking use is arbitrated by perceived utility. Although young people are usually fast to embrace emerging technologies, most of the individuals who use mobile banking are middle-aged individuals with money.

The (2011) study offers an insight into the factors that influence the selection of conflict resolution techniques in the Melbourne industry for commercial construction. In order to illustrate the differences and the effect they have on construction efficiency, mainly time, cost and quality, the dispute review board was contrasted with alternative dispute resolution approaches. The relative importance of these factors in the selection of conflict resolution approaches is analyzed through questionnaire surveys, and the effectiveness of the existing alternative dispute resolution methods operating in Melbourne is contrasted with the effectiveness of the dispute review board through interviews. The results showed that variables such as advantage, cost, speed, outcome, enforceability, privacy and confidentiality, transparency and fairness, power, flexibility, innovative remedies and relationships influence the choice of methods for dispute resolution.

According to Forsythe, et al. (2006), the ability to shop from various locations at any time, regardless of location and without entering the store, is considered to be convenient for shopping. Convenience is calculated based on the amount of time spent, the location of the store and the purchase process. Online shopping makes it more convenient for consumers to equate the conventional way of buying with the practice of Internet shopping. Comfort here may be in the form of time, effort and anxiety. The ease of shopping has become a powerful motivator that affects the intention of potential internet shoppers to shop online.

A research was conducted by Makongoro (2014) to examine the factors affecting mobile banking adoption by consumers in Tanzania. A questionnaire was developed and then distributed to clients of Tanzania's major providers of mobile banking services. With the use of multiple regression analysis, the data was analyzed using Quantitative Research Design and the findings indicated that perceived risk, relative advantage and comfort are the determining factors in influencing the adoption decisions of consumers.

These experiments have shown that perceived ease of use is a significant factor in the adoption of strategy / transition or creativity. The research has also helped to discern between perceived benefits and perceived ease of use. Perceived benefits are the degree to which a person believes that using a specific system would improve his or her career, while perceived ease of use is the degree to which a person believes that using a particular system will be quick and fast.

### **2.5.3 Knowledge & Awareness and Adoption of Alternative Dispute Resolution**

A variety of studies on the impact of information on the acceptance of innovation, technology and change have been performed. The thesis by Bhanot et al. (2012)

focused on variables affecting the financial inclusion of oppressed and marginalized people in rural areas of northeast India. The results of this study suggest that certain factors which contribute to the financial inclusion in remote areas of disadvantaged groups, including, but not limited to, financial information from numerous sources, financial education and awareness of rural people with low incomes.

Hussin and Ismail (2015) found evidence in their analysis that the lack of knowledge had a substantial effect on the use of alternative dispute resolution in conflict resolution in Malaysia's construction projects. In addition, they found that the lack of details in mediation resulted in the restricted use of this ADR approach in dispute resolution in construction projects. Similarly, Sarmiento (2013) argues that lack of understanding had a major adverse effect on the decision to approve ADR in the resolution of conflicts occurring in construction projects in the Philippines. He further argued that the lack of mediation experience, limited conciliation knowledge and inadequate comprehension of arbitration had a detrimental effect on the use of these ADR approaches in the resolution of construction disputes. Khekale and Futane (2015) also found in their analysis that lack of knowledge had a major adverse impact on the use of ADR in conflict resolution in construction projects in India. They argue, in particular, that minimal knowledge of conciliation, mediation and negotiation contributed significantly to the restricted use of these ADR approaches in the resolution of construction disputes.

Adewoye and Akanbi (2012) assessed the effect on the profitability of Small Medium Scale Enterprises in Nigeria of the investment in information and communication technology. The research showed that the manager's educational level has important effects on the scope of use of ICT. Accordingly, the study concluded that ICT investment in skills had a positive impact on SMEs' profitability.

Tobbin (2013) addressed individual awareness as one of the variables affecting mobile banking acceptance and adoption. While there were discrepancies in the results of one study and the other about other factors that blocked financial information from respondents. These variables are the behavioral characteristics of people, comfort, ease of use, and education.

The Dynamic model of diffusion highlights the role of knowledge accumulation, and distinguishes between the cost-intensive active collection of information and the autonomous acquisition of passive information (Slade, 2012). In order to evaluate the consequences of the model, data from a recent survey of agricultural practices in North-West India is presented. They established the level of awareness of farmers as a major determinant of the diffusion of new technologies, according to the results of the report.

Almutairi (2015) noted that a lack of understanding of the possibility of accepting alternative dispute resolution in the determination of conflicts in construction projects had a negative effect on its use in Saudi Arabia. In particular, he argues that the lack of expertise in the mediation phase, the inadequacy of negotiating comprehension and minimal knowledge on how to perform conciliation proceedings greatly contributed to the restricted usage of these ADR approaches in the determination of construction disputes. Similarly, Sayed-Gharib, Price and Lord, (2010) argues that lack of understanding has significantly restricted the use of ADR in the resolution of conflicts in Kuwait's construction projects. They contend, in particular, that the presence of insufficient knowledge of the conduct of conciliation proceedings and a lack of awareness of arbitration, negotiation and mediation had a negative effect on decisions to implement these ADR approaches in the determination of conflicts in construction projects.

Saeb et al. (2019) found evidence indicating that awareness-building efforts have had a major positive effect on the use of ADR in evaluating conflicts in Iran's construction projects. In addition, they say that awareness seminars and workshops have played a crucial role in disseminating and strengthening negotiation, mediation and arbitration knowledge.

In his research, Onukwube (2011) found evidence showing a lack of understanding that greatly affected the adoption of alternative conflict resolution for dispute resolution in Nigeria's construction projects. In particular, he notes that minimal understanding of conciliation, inadequacy of negotiation knowledge and inadequate understanding of arbitration contributed significantly to the restricted use of these ADR approaches in the resolution of disputes in construction projects. Baffour-Awuah et al. (2011) also found that lack of information had a significant effect on decisions to follow ADR in construction projects. They argued, in particular, that minimal award awareness greatly contributed to the restricted use of this ADR approach in dispute resolution in construction projects.

## **2.6 Research Gaps**

Available literature local and international indicate the influence of perceived benefits, perceived ease of use and knowledge or awareness on adoption of innovation, change or strategy. However, very limited, if any, of the studies have focused on adoption of ADR mechanism. The studies have been conducted in a different context, Chemingui and Ben lallouna (2013) concentrated on mobile money, Thakur (2013) on e-government services, Nyambura and Waema (2013) focused on internet and mobile usage, Mohammadi (2015) concentrated on mobile banking while Forsythe, et al. (2006) looked at shopping. From these contextual gaps, the imperative is to conduct a study seeking the link between perceived ease of use and adoption of

ADR mechanism. Additionally, the studies looked at perceived ease of use or perceived benefits as an individual factor while the current study looked at the concept from an organizational point of view.

**Table 2.1: Summary of Literature and Research Gaps**

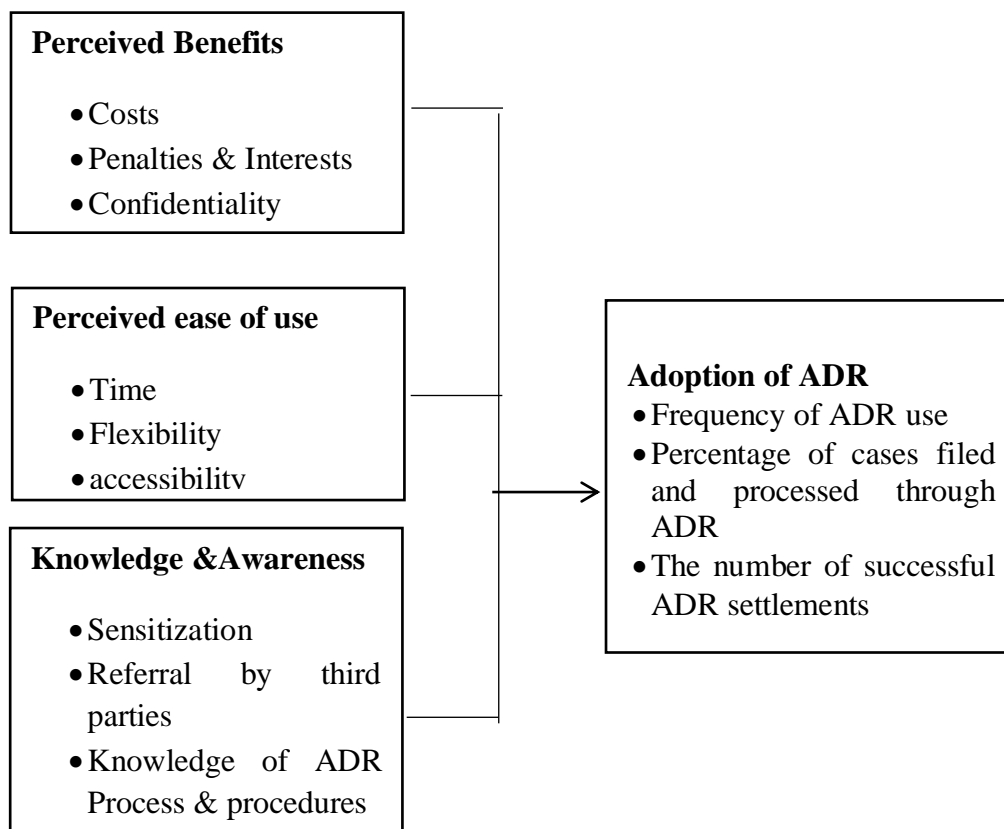
| <b>Author</b>                     | <b>Focus</b>  | <b>Findings</b>  | <b>Research gap</b>  |
|-----------------------------------|---|--|--|
| Chemingui and Ben Lallouna (2013) | Resistance, inspiration, trust and ability to use mobile financial services                   | That clients are encouraged to use the programs that are consistent with their needs and behaviors; another thing is if they can get the chance to try the product or service the emotional gratification. | The study centered on the adoption of mobile financial services because of a contextual void.  |
| Thakur (2014)                     | Adoption of e-government services and perceived benefits                                      | Satisfaction with e-government systems has a positive impact on the quality of government services.  | Contextual and geographical gap since the study focus was on influence of perceived benefits on e-government services and performance of government. |
| Chen (2013)                       | Perceived benefits and adoption of agricultural products                                      | Perceived benefit was not the only factor that leads to acceptance and use of new agricultural products  | Contextual gap. The study focused on adoption of agricultural products.  |
| Mwesigwa (2010)                   | Consumer attitudes, perceived risk, confidence and the adoption of internet banking in Uganda | A positive relationship exists between customer perceptions, confidence and the adoption of internet banking.  | The contextual difference was that the research concentrated on internet banking adoption.   |
| Mohammadi (2015)                  | Mobile banking usage  | Perceived usefulness arbitrates the relationship between ease of use and customer; attitudes towards usage of mobile banking   | Contextual gap in that the study focused on adoption of mobile financial services.   |
| Forsythe, et al. (2006),          | Perception on ease of use and Product shopping  | Comfort here may be in the form of time, effort and anxiety. The ease of shopping has become a powerful motivator that affects the intention of potential internet shoppers to shop online.                | Contextual gap in that the study focused on product shopping.  |
| Makongoro (2014)                  | Factors influencing the adoption of mobile banking by consumers in Tanzania                   | Perceived risk, relative gain and convenience are the driving factors in influencing the adoption decisions of consumers.  | The contextual difference in the study centered on the adoption of mobile banking by consumers in Tanzania.  |
| Bhanot et.al 2012                 | Knowledge and Financial Inclusion   | Education on financial issues  | Contextual gap in that study focused on adoption of mobile financial services  |
| Tobbin (2013)                     | Awareness and adoption of mobile banking  | Individual awareness as one of the factors that influence acceptance and adoption of mobile banking  | Contextual gap in that study focused on adoption of mobile financial services  |

## 2.7 Conceptual Framework

A conceptual framework is defined as relationship conceptualization among study variables represented diagrammatically (Mugenda & Mugenda, 2003). The framework indicates the direction of relationship as well as the independent variable effect on the dependent variable. In this study, independent variables are the perceived benefits, perceived ease of use and knowledge and awareness of ADR. The impact of these variables was examined on the adoption of alternative dispute resolution that is the dependent variable of the study.

### Independent Variables

### Dependent Variable



**Figure 2.1: Conceptual Framework**

**Source: Author (2019)**

## **RESEARCH METHODOLOGY**

### **3.1 Introduction**

The research design, target population, sampling frame, sample and sampling techniques that were used in the study were mentioned in this chapter. The chapter also outlined how the compilation and analysis of data was carried out and discussed the ethical factors during the research.

### **3.2 Research Design**

Kothari, (2004) defines research design as the outline of the methods and procedures used in data collection and analysis by use of measurement of the variables identified in the research problem with a view to validate and find solutions to the research questions. Saunders, Lewis & Thornhill (2007) argues that research design outlines the approach chosen and the justification for the preference of any approach as opposed to any other.

The research design adopted was explanatory research design. This research design helps to define the complexity and essence of relationships between cause and effect. To clarify the patterns of relationships between variables, explanatory research design focuses on an analysis of a situation or a particular issue (Mugenda & Mugenda, 2003). The method helps to determine the reasons behind a wide variety of processes and to analyze the effect of improvements on current standards and processes. The research design seeks to address the 'Why' question. Developing causal theories includes addressing the 'why' questions. Causal theories argue that factor X influences phenomenon Y. The methodology made it possible to assess the cause and effect of independent variables against the dependent variable in that regard.

### **3.3 Target Population**

Kombo and Tromp, (2006) define a population as a set group of items, things or people under study that help determine the characteristics of the general sets. This definition makes the assumption that the population is not homogeneous. The study target group was the 2526 medium taxpayers registered by KRA and obligated to pay taxes in Nairobi County (Kenya Revenue Authority, 2019). Nairobi County was chosen because it has many companies as compared to any other county in the country. Additionally, companies are close to each other hence ensuring convenience in terms of time taken to gather data

### **3.4 Sampling Frame**

The set of source materials from which the sample is chosen is a basic description of a sampling frame. The concept also includes the purpose of sampling frames, which is to include the means by which the individual representatives of the target group to be interviewed in the survey are chosen. The sampling frame of this research comprised all the medium taxpayers registered by KRA in Nairobi County.

### **3.5 Sample and Sampling Technique**

Kothari (2006) describes a sample design as a precise description of the method to be followed to determine the target population sample size. The approaches adopted in selecting a sample population from the general population, on the other hand, are a sampling process that expresses the real features of the whole population (Cohen, 2000). The use of a sampling methodology helps to ensure that only data obtained from a sub-group reflecting the real features of the overall population is obtained. The study used simple random sampling, which is probabilistic sampling to select samples from the target population. Simple random sampling was chosen because of the homogeneity of companies (that is they are all medium taxpayers) hence it is easier to apply and get samples scientifically.

### 3.5.1 Sample Size

Due to constraints of time and budget, it was not possible to collect data from the entire population of the KRA taxpayers. Therefore, the sample size was computed using Fisher's formula:

$$S = \frac{(z^2 \times p \times q)}{d^2}$$

Where S is the desired sample size

Z is the z-score corresponding to 95% confidence interval

P is the population proportion assumed to be 0.5 as this provided the maximum sample size and d is the degree of accuracy expressed as a proportion 0.05.

The population size for this study was 2526. The sample size S, was calculated as follows,

$$S = \frac{(1.96^2 \times 0.5 \times 0.5)}{0.05^2}$$

$$= 385$$

A sample of three hundred and eighty five medium taxpayers from the target population of 2526 medium taxpayers was used.

### 3.6 Data Collection Methods

This study relied on primary data only. Kothari, (2004) defines primary data as data collected from the field directly, which may involve such methods as the use of questionnaires, interviews and/or observation. Primary data serves to ensure that the researcher obtains first hand data from the respondents thereby minimizing the

possibility of data distortion. The primary data was from medium taxpayers selected to participate in the study.

Data collection may be defined as the process of gathering and measuring information on the variable under study in a procedural manner with a view to finding solutions to the research questions under study (Mugenda & Mugenda, 2003). Primary data in this study was collected using 385 questionnaires which were administered to managers or owners of the selected companies to help the researcher get the required information.

### **3.6.1 Data collection instruments**

Questionnaires were used in collection of primary data through likert scale. Kothari (2008) states that the use of questionnaires helps the investigator to collect more information in a quicker manner from a broad target population. With the aid of research assistants, the investigator administered the questionnaires, which were distributed randomly to the selected population. An introduction letter outlining the purpose of gathering information was followed by all questionnaires. The questionnaires consisted of five sections. The first sections sought to determine the company characteristics, the second section consisted of questions relating to management perceived benefits of using ADR, the third section consisted of questions relating to company management perceived ease of ADR use, the fourth section consisted of questions relating to management or company knowledge and awareness of ADR mechanism and the fifth section consisted of questions relating to ADR adoption.

### **3.7 Pilot Study**

A pilot test was performed to determine the protocols for participant recruiting, the usability of the survey questionnaire, and data collection processes prior to carrying

out data collection and producing the results. Mugenda and Mugenda (2003) noted that 10 percent of the study sample size is considered as adequate sample for pilot study. As such, the research randomly selected 39 respondents from the 385 medium taxpayers to respond to the pilot study questionnaires. In the main study, the chosen participants in the pilot study were omitted. The answers of the respondents to the pilot study were stored in excel and analyzed for the reliability and validity of the testing method.

### **3.7.1 Reliability and Validity**

Using Cronbach's alpha, the reliability of the measurements was assessed. The alpha of Cronbach enables one to calculate the reliability of the distinct groups. It consists of estimates of how much variance is due to chance or random errors in scores of distinct variables. A coefficient greater than or equal to 0.5 is usually considered appropriate and a clear indicator of build reliability as a general rule. The researcher subjected the method to experts for analysis and guidance in order to determine the material validity of the scales. Content validity was used to ascertain the validity of the research instruments. This was done by engaging the supervisors and experts on tax administration and revenue collection.

### 3.8 Data Analysis and Presentation

Kothari (2004) observes that data processing is the manipulation of collected data to produce meaningful information. This entails application of scientific methods in editing, coding, classification and tabulation of the collected data. Data was entered, cleaned and coded using excel and then transferred to SPSS for analysis. Kothari (2004) defines data analysis as the detailed examination of data to establish existing relationships among the variables with a view to finding useful information to assist in making inferences and support decision-making. This part identified the data analysis tools and methods that were utilized.

Descriptive statistics were performed for data diagnostics. These involved using frequencies, standard deviations, percentages and presented using figures and tables to visualize and have a general view of the data. The data was prepared for inferential statistics by running diagnostic tests. To evaluate the relationship between dependent and independent variables, inferential statistics were then carried out. To determine the linear relationship between the independent and dependent variable and the output provided using a correlation matrix, the researcher performed the correlation analysis.

Multiple regression analysis was performed to test the relationships between explained and explanatory constructs using the following equations, which was in accordance with the study objectives and hypothesis:

The overall regression equation was:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon$$

Where;

Y = Adoption of ADR mechanism in Tax Management

$\beta_0$  = Constant or intercept

$X_1$  = Perceived benefits

$X_2$  = Perceived ease of use

$X_3$  = Knowledge and awareness

$\epsilon$  = error term

### **3.9 Diagnostic Test**

Regression processing was used in this study. Therefore, the data was tested for violations of normality, linearity, multicollinearity and heteroscedasticity assumptions (Field, 2009).

#### **3.9.1 Linearity Test**

The relation between the independent and dependent variables requires linear regression to be linear. Since linear regression is susceptible to outlier effects, it is also important to search for outliers (Creswell & Plano-Clark, 2006). Using scatter plots, the linearity assumption can best be checked. Using residuals and Y values, a scatter plot was drawn. On the vertical y axis, Y values are taken, and uniform residuals are then plotted on the horizontal x axis. If a linear pattern (not a curvilinear pattern) follows the scatter plot, this means that the presumption of linearity is met. A random distribution of positive and negative values across the whole range of x-axis variables was shown by the residual plots. According to Lind, Marchal and Wathen (2012) linearity assumption is established if the residual points are scattered without a clear pattern. Linear regression analysis also assumes availability of little or no autocorrelation in the data.

### **3.9.2 Normality Test**

One of the predictions of the classical linear regression model is that the term residuals / error typically need to be distributed with a zero mean and a constant variance denoted as  $\mu (0, \sigma^2)$ . To capture all other variables that influence the dependent variable but are not included in the model, the error term is used. It is, however, presumed that the omitted variables have a minimal and, at best, random effect (Gujarati, 2004). The Kolmogorov and Shapiro Wilk test and histogram and normal probability curves were used in this analysis to validate whether the residuals obey a normal distribution of probabilities. If the plotted points of residuals in the normal likelihood curve are very similar to a straight line drawn from the lower left to the upper right of the graph, the normal distribution of the residuals is verified (Lind, Marchal & Wathen, 2012).

### **3.9.3 Multicollinearity Test**

In time series results, multicollinearity is normal because variables which follow a specific pattern. Multicollinearity was measured using variance factor inflation in the study (Cooper & Schindler, 2008). Failure to allow for complete multicollinearity results in indeterminate regression coefficients and infinite standard errors, while the inclusion of incomplete multicollinearity results in large standard errors. The study used variance inflation factors to test for multicollinearity.

### **3.9.4 Heteroscedasticity Test**

The assumption of absence of heteroscedasticity must hold in any regression analysis. If the assumption is violated, the researcher runs the risk of running spurious results due to inflated standard errors. Heteroscedasticity was tested using white test. White's test (White, 1980; Berenson, 2013) is based on a regression analysis with the squared residuals used from the original linear regression analysis as the dependent variable.

The independent variables in the secondary regression analysis consist of the original predictor variable and its square.

### 3.10 Data Measurements

Data was collected on a wide range of variables. Data measurement and operationalization of variables was of great importance since it allowed coding and analysis of the data as well as proper interpretation. Perceived benefits, perceived ease of ADR use and knowledge and awareness are the independent variables of the study. Nominal measurement was used to measure the independent variables using 5-point Likert scale.

**Table 3.1: Measurement of Variables**

| <b>Measurement Variables</b> | <b>Terms of measurement</b>  |
|------------------------------|--|
| Adoption of ADR              | Adoption of ADR in tax management was measured as a function of frequency of ADR use by the company, percentage of cases filed and processed through ADR and the number of successful ADR settlements. These were also measured on nominal scale where the higher the number or percentage indicated high level of ADR adoption. |
| Perceived benefits           | The perceived benefits of ADR were measured as a function of the reduced cost of dispute settlement, penalties and interests and confidentiality of the ADR process.   |
| Perceived ease of use        | The perceived ease of use of ADR were measured as a function of the flexibility of the ADR process, the time savings in using the process and the accessibility of ADR.  |
| Knowledge and awareness      | The knowledge and awareness of the ADR were measured as a function of the number of sensitizations attended, referrals by a third party and knowledge of ADR process and procedures.   |

### 3.11 Ethical Considerations

The ethical aspects of this study were effectively addressed. Firstly, authorization to conduct the study was obtained from the KESRA. Secondly, the respondents were required to give their consent before being involved in the study. Thirdly, the

respondents were informed of their choice whether or not to engage in the study. Further, the privacy of the participants was safeguarded and no personal data, if any was disclosed, without the prior express consent of the participants. In addition, the respondents were briefly informed about the purpose of the study before the primary data collection process. Lastly, works of other authors was acknowledged by citing the original authors to avoid any cases of plagiarism.

## CHAPTER FOUR

### RESEARCH FINDINGS AND DISCUSSIONS

#### 4.1 Introduction

This chapter consists of results and interpretation of data. In tables and diagrams, results are presented. The analysed data was grouped under themes that represent the goals of the analysis.

#### 4.2 Response Rate

**Table 4.1: Response Rate**

| <b>Response</b> | <b>Frequency</b> | <b>Percentage</b> |
|-----------------|------------------|-------------------|
| Returned        | 334              | 87%               |
| Not returned    | 51               | 13%               |
| <b>Total</b>    | <b>385</b>       | <b>100.00%</b>    |

**Source: Research Data (2020)**

The number of questionnaires administered to medium-sized taxpayers was 385 in Nairobi, Kenya. A total of 344 questionnaires were completed in full and were returned. This indicates a response rate of 87 percent. A response rate of more than 50 percent is considered good and more than 70 percent is regarded as excellent, according to Mugenda and Mugenda (2003). Consistent follow-up and the presence of a research assistant is due to the high response rate.

#### 4.3 Demographic Characteristics

##### 4.3.1 Position in the company

The respondents were asked to indicate their position in the company. The results are presented in Table 4.2.

**Table 4.2: Position in the company**

| <b>Position</b> | <b>Frequency</b> | <b>Percent</b> |
|-----------------|------------------|----------------|
| Director        | 61               | 18.3           |
| Manager         | 105              | 31.4           |
| Employee        | 168              | 50.3           |
| <b>Total</b>    | <b>334</b>       | <b>100</b>     |

**Source: Research Data (2020)**

Table 4.2 indicated that 18.3% of the participants were the directors of the company while 31.4% of the respondents represented the different managers of the company. Further, the findings indicated that 50.3% of the participants were employees of the company. These results revealed that majority of the respondents were employees in the different companies.

#### **4.3.2 Sector of Organization**

**Table 4.3: The sector of the organization**

| <b>Sector</b>                             | <b>Frequency</b> | <b>Percent</b> |
|---|------------------|----------------|
| Telecommunication & Media                 | 57               | 17.1           |
| Construction & Allied Industries          | 39               | 11.7           |
| Banks, Financial Institutions & Insurance | 40               | 12             |
| Food & Other Manufacturers                | 44               | 13.2           |
| Services                                  | 49               | 14.7           |
| Energy                                    | 54               | 16.2           |
| Transport & Storage                       | 49               | 14.7           |
| Other                                     | 2                | 0.6            |
| <b>Total</b>                              | <b>334</b>       | <b>100</b>     |

**Source: Research Data (2020)**

Table 4.3 revealed that most of the participants (17.1%) were in the Telecommunication and the Media sector while 11.7% of the respondents were in the Construction and Allied Industries. The findings further showed that 12.0% of the respondents were in the Banks, Financial Institutions and Insurance Sectors while 13.2% of the respondents were in the Food and Other Manufacturers sectors. The outcomes also showed that 14.7% of the participants were in the Services sector while

16.2% of the respondents were in the Energy sector. Moreover, the results showed that 14.7% of the respondents were in the Transport and Storage sector while 0.60% of the respondents were in other sectors. These results showed that the respondents were from different organization sectors hence different opinions on Alternative Dispute Resolution.

### 4.3.3 Work Experience

**Table 4.4: Work Experience**

| <b>Years</b>       | <b>Frequency</b> | <b>Percent</b> |
|--------------------|------------------|----------------|
| Between 1-5 years  | 84               | 25.1           |
| Between 6-10 years | 175              | 52.4           |
| Over 10 years      | 75               | 22.5           |
| <b>Total</b>       | <b>334</b>       | <b>100</b>     |

**Source: Research Data (2020)**

The job experience of the various respondents was shown in table 4.4. The results showed that 25.1 percent of respondents had worked for a period of 1-5 years in the company. From the findings, 52.4% of the respondents were in the business for a period of 6-10 years. The findings also showed that 22.5 percent of the respondents had over 10 years of experience. This suggests that the respondents have served for a good number of years in the company and thus have the required knowledge of the factors affecting ADR adoption.

### 4.3.4 Existence of the Company

**Table 4.5: Age of the Company**

| <b>Years</b>       | <b>Frequency</b> | <b>Percent</b> |
|--------------------|------------------|----------------|
| 1-10 years         | 95               | 28.4           |
| 10-15 years        | 154              | 46.2           |
| More than 15 years | 85               | 25.4           |
| <b>Total</b>       | <b>334</b>       | <b>100</b>     |

**Source: Research Data (2020)**

Table 4.5 showed that 28.4 percent of respondents suggested that for a period of 1-10 years, the company was in operation. The majority of respondents (46.2%) suggested that their business had been in operation for 11-15 years. The results also showed that 25.4% of the respondents revealed that their business had existed for more than 15 years. This suggests that the majority of medium-sized taxpayers in Nairobi have existed for a long time.

#### 4.4 Pilot Study Results

To assess the reliability and validity of the testing tools, pilot research was performed. All the 39 respondents selected were involved in the study hence presenting 100 percent response rate. Reliability test was conducted on the responses and table 4.2 shows the results of the test.

##### 4.4.1 Reliability Results

**Table 4.6: Reliability results**

| Variables               | Reliability      |                 |            |
|-------------------------|------------------|-----------------|------------|
|                         | Cronbach's Alpha | Number of Items | Conclusion |
| Perceived benefits      | 0.709            | 5               | Reliable   |
| Perceived ease of use   | 0.745            | 5               | Reliable   |
| Knowledge and awareness | 0.749            | 6               | Reliable   |
| ADR adoption            | 0.726            | 3               | Reliable   |

**Source: Research Data (2020)**

As a coefficient between 0 and 1.00, the reliability is expressed. The higher the coefficient, the more accurate the test is. After the dataset was checked, the validity and reliability results were obtained and the results are shown in Table 4.6. The results showed that with Cronbach's Alpha, the variable statements were highly accurate with the results being 0.709, 0.745, 0.749 and 0.726 respectively with perceived benefits, Perceived ease of use, knowledge & awareness and ADR adoption. The research instruments was also passed valid after discussing it with the

supervisors and two experts in tax administration who said that the questions measure what they purport to measure and are understandable.

#### **4.5 Descriptive Analysis**

The fundamental features of the data in the study were represented using descriptive statistics. In line with the research goals, basic summaries and measurements of the study sample were presented.

##### **4.5.1 Perceived Benefits of ADR**

The first objective of the study was to examine the influence of perceived benefits of ADR on adoption of alternative dispute resolution by medium taxpayers in Nairobi County. Respondents were asked to include their opinion on statements relating to ADR's perceived benefits. The results are as demonstrated in Table 4.7.

**Table 4.7: Descriptive Results for Perceived Benefits of ADR**

| Statements   | SD    | D     | NS    | A      | SA     | Mean        | st.d        |
|--|-------|-------|-------|--------|--------|-------------|-------------|
| ADR mechanism is less costly compared to litigation in dispute settlement i.e. ADR is cost effective.  | 2.10% | 0.30% | 0.60% | 44.31% | 52.69% | 4.45        | 0.73        |
| ADR is cost effective and speedy dispute resolution compared to multi-jurisdictional proceedings; ADR methods generate significant cost savings  | 4.49% | 1.20% | 1.50% | 44.01% | 48.80% | 4.31        | 0.93        |
| Using ADR allows the taxpayer to negotiate for reduced penalties and interest levied on the taxes deemed due and payable   | 3.29% | 0.30% | 0.60% | 44.91% | 50.90% | 4.4         | 0.82        |
| ADR proceedings and outcomes are confidential, allowing the parties to sidestep concerns about the dispute's public impact   | 1.80% | 0.60% | 0.60% | 47.60% | 49.40% | 4.42        | 0.71        |
| By using ADR mechanisms, in particular mediation, business interests can be taken into account and viable long-term solutions can be developed in a less confrontational forum allowing parties to preserve business relationships | 0.90% | 0.60% | 0.60% | 52.40% | 45.51% | 4.41        | 0.63        |
| <b>Average</b>   |       |       |       |        |        | <b>4.40</b> | <b>0.76</b> |

**Source: Research Data (2020)**

The findings in table 4.7 showed that 97.00 percent of respondents agreed that the ADR process is less expensive compared to dispute resolution litigation, i.e. ADR is economical. The findings also showed that most of the respondents (92.81 percent) accepted that ADR is cost-effective and quick dispute resolution ADR approaches produce substantial cost savings compared to multi-jurisdictional proceedings. In addition, the results of the study showed that 95.81 percent of respondents accepted that the use of ADR enables the taxpayer to negotiate reduced fines and interest levied on taxes considered due and payable. In addition, 97.00 percent decided that ADR proceedings and findings be confidential, allowing the parties to circumvent questions about the public effect of the dispute. Finally, 97.91 percent of respondents agreed that business interests can be taken into account by using ADR processes, especially mediation, and viable long-term solutions can be established in a less confrontational forum that enables parties to retain business relationships.

The average mean of the responses was 4.40 on the five-point scale, which indicates that most respondents agreed with most of the statements; the standard deviation of 0.76 shows that the responses were not much different and were clustered around the mean response.

#### 4.5.2 Perceived Ease of Use of ADR

The second study objective aimed to establish the influence of perceived ease of use of ADR on adoption of alternative dispute resolution by medium taxpayers in Nairobi County. The participants were asked to state their opinion on assertions concerning perceived ease of use of ADR on adoption of alternative dispute resolution. The findings are as shown in Table 4.8.

**Table 4.8: Descriptive Results for Perceived Ease of Use of ADR**

| Statements   | SD    | D     | NS    | A      | SA     | Mean        | st.d        |
|--|-------|-------|-------|--------|--------|-------------|-------------|
| The time taken to resolve tax disputes through ADR is less than that of going through the court. So ADR is absolutely time effective.  | 5.69% | 0.60% | 0.30% | 47.90% | 45.51% | 4.27        | 0.96        |
| ADR offers specific fast track methods, such as expedited arbitration or mediation   | 5.99% | 1.20% | 1.50% | 39.52% | 51.80% | 4.3         | 1.02        |
| ADR is a straightforward method with less formality hence making it flexible.  | 7.19% | 0.60% | 1.50% | 49.10% | 41.62% | 4.17        | 1.04        |
| ADR is good at settling disputes involving several jurisdictions in a single forum, thereby avoiding the expense and complexity of multi-jurisdictional litigation and the risk of inconsistent results. | 6.59% | 1.50% | 1.80% | 43.11% | 47.01% | 4.22        | 1.05        |
| ADR allow parties to have control of the proceedings by deciding the time and location to hold the deliberations and the people to attend the meetings thereby making it more flexible.                  | 3.29% | 0.30% | 0.60% | 44.61% | 51.20% | 4.4         | 0.82        |
| <b>Average</b>   |       |       |       |        |        | <b>4.27</b> | <b>0.97</b> |

**Source: Research Data (2020)**

The results in Table 4.8 showed that most of the participants (93.41%) agreed that the time taken to resolve tax disputes through ADR is less than that of going through the court so ADR is absolutely time effective. 91.32% of the respondents agreed that

unique fast-track techniques, such as expedited arbitration or mediation, are provided by ADR. Most respondents (90.72%) accepted that ADR is a clear approach with less formality, making it versatile. 90.12% of the respondents decided that in a single forum, ADR is effective at resolving conflicts involving multiple jurisdictions, while avoiding the cost and difficulty of multi-jurisdictional litigation and the possibility of conflicting outcomes. Further, 95.81% of the respondents agreed that ADR allow parties to have control of the proceedings by deciding the time and location to hold the deliberations and the people to attend the meetings thereby making it more flexible.

The average mean of the answers was 4.27 on the five-point scale, which means that most of the respondents agreed with most of the statements; the standard deviation of 0.98 suggests that the answers were not much different and were clustered around the mean response.

#### 4.5.3 Knowledge and Awareness on ADR

The third objective of the study aimed to analyze the influence of ADR knowledge and awareness on adoption of alternative dispute resolution by medium taxpayers in Nairobi County. The respondents were asked to indicate their opinion on statements concerning ADR knowledge on adoption of alternative dispute resolution.

**Table 4.9: Descriptive Results for ADR knowledge and Awareness**

| <b>Statements</b>  | <b>SD</b> | <b>Disagree</b> | <b>Not sure</b> | <b>Agree</b> | <b>SA</b> | <b>Mean</b> | <b>s.d</b> |
|--|-----------|-----------------|-----------------|--------------|-----------|-------------|------------|
| The company managers have attended at least one Tax management and ADR sensitization seminars. | 5.39%     | 0.90%           | 2.10%           | 50.00%       | 41.62%    | 4.22        | 0.96       |

|   |       |       |       |        |        |             |             |
|---|-------|-------|-------|--------|--------|-------------|-------------|
| The organization has learnt about ADR through print media and other forms of media.                             | 4.49% | 1.20% | 1.50% | 44.01% | 48.80% | 4.31        | 0.93        |
| Our company learnt about ADR through referrals from other companies who used ADR to resolve their tax disputes. | 7.19% | 1.20% | 1.80% | 45.51% | 44.31% | 4.19        | 1.06        |
| Our Company learnt about ADR through referral from the Tax Appeals Tribunal.                                    | 4.19% | 3.29% | 1.50% | 46.41% | 44.61% | 4.24        | 0.96        |
| We have employees who are well versed in tax management.  | 3.59% | 0.60% | 0.30% | 49.70% | 45.81% | 4.34        | 0.84        |
| We have employees who are knowledgeable of ADR Process and Procedures for the resolution of any tax disputes.   | 1.80% | 1.20% | 2.10% | 49.70% | 45.21% | 4.35        | 0.75        |
| <b>Average</b>  |       |       |       |        |        | <b>4.28</b> | <b>0.92</b> |

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**Source: Research Data (2020)**

The outcome in Table 4.9 indicate that most of the participants (91.62%) agreed with the claim that the company managers have attended at least one Tax management and ADR sensitization seminars while 92.81% of the respondents agreed that the organization has learnt about ADR through print media and other forms of media. Further, 89.82% agreed that their company learnt about ADR through referrals from other companies who used ADR to resolve their tax disputes while 91.02% of the respondents agreed that their company learnt about ADR through referral from the Tax Appeals Tribunal.

Additionally, the findings showed that 95.51% of the participants agreed with the claim that they had employees who are well versed in tax management while 94.41% agreed that there are employees who are knowledgeable of ADR Process and Procedures for the resolution of any tax disputes. The average mean of the responses was 4.28 on the five-point scale, which means that most of the respondents agreed

with most of the statements; the standard deviation of 0.92 suggests that the responses were not much different and were clustered around the mean response.

#### 4.5.4 ADR Adoption

The research aimed at determining the factors influencing adoption of ADR mechanisms in tax management by medium taxpayers in Nairobi County. The participants were requested to state their opinion on statements concerning adoption of ADR mechanisms in tax management. The findings are as shown in Table 4.10.

**Table 4.10: Descriptive Results for ADR Adoption**

| Statements  | SD     | Disagree | Not sure | Agree | SA    | Mean        | s.d         |
|---|--------|----------|----------|-------|-------|-------------|-------------|
| ADR method of tax dispute resolution is frequently used by this organization. | 45.81% | 49.70%   | 0.30%    | 0.60% | 3.59% | 1.66        | 0.84        |
| The number of successful ADR settlement for this company is high.             | 48.80% | 44.01%   | 1.50%    | 1.20% | 4.49% | 1.69        | 0.93        |
| The number of successful ADR settlement for this company is high.             | 50.90% | 44.91%   | 0.60%    | 0.30% | 3.29% | 1.60        | 0.82        |
| <b>Average</b>  |        |          |          |       |       | <b>1.65</b> | <b>0.86</b> |

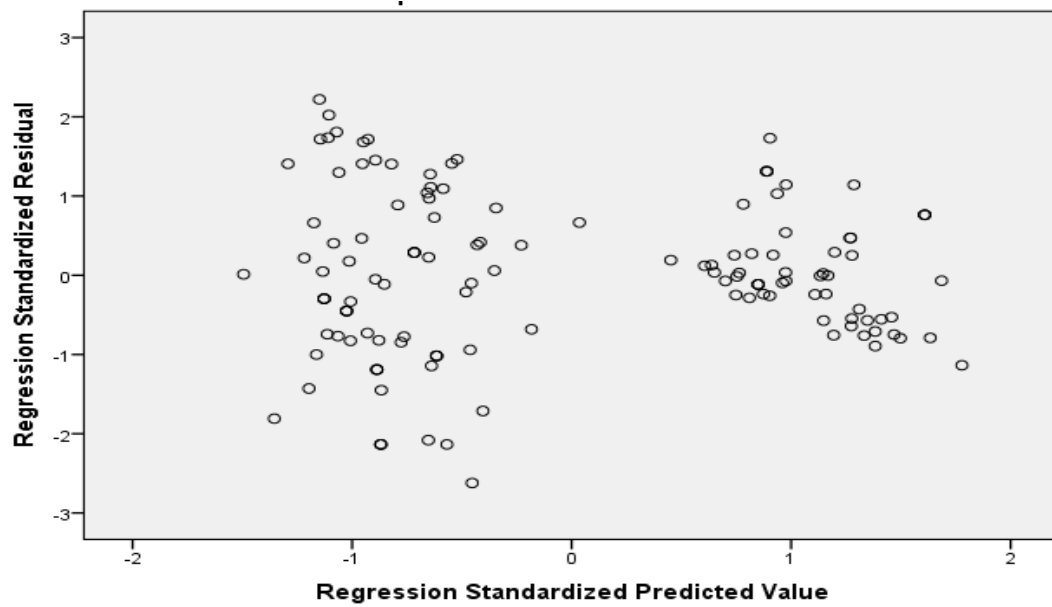
**Source: Research Data (2020)**

Table 4.10 indicated that most of the participants (95.51%) disagreed with the assertion that ADR method of tax dispute resolution is frequently used by their organization. The findings also showed that 92.81% of the respondents disagreed that their organization has filed a good percentage of cases and processed them through ADR mechanism while 95.81% of the respondents disagreed that the number of successful ADR settlement for this company is high. The average mean of the responses on the five-point scale was 1.65, which indicated that most of the respondents disagreed with most of the ADR adoption claims. The standard deviation of 0.86 suggests that there was not much variance in the responses and they were clustered around the mean response.

## 4.6 Diagnostics Tests

### 4.6.1 Linearity Test

Linearity of the data was tested using scatterplots. Figure 4.1 shows the summary of the results.



**Figure 4.1: Linearity Tests using Scatter Plots**

**Source: Research Data (2020)**

The residual plots from Figure 4.1 show a random distribution of positive and negative values around the whole range of x-axis variables. The residual points are distributed with no simple pattern, so the linearity assumption is met. This is in concurrence with Lind *et al.*, (2012) linearity assumption which averred that linearity assumption is established if the residual points are scattered without a clear pattern.

### 4.6.2 The Normality Test

The normality test was performed to test whether the data was normally distributed. First, Shapiro-Wilk Statistic was conducted followed by the gauss Markov normal distribution.

**Table 4.11: Testing for normality using Shapiro- Wilk Statistic**

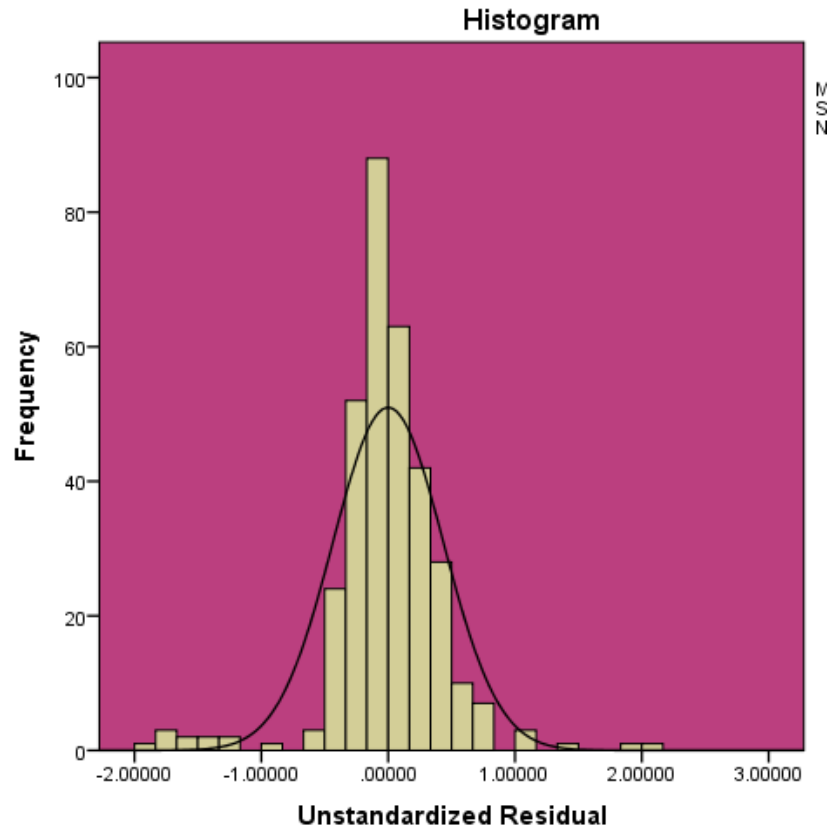
| <b>Tests of Normality</b>      | <b>Shapiro-Wilk</b> |           |            |
|--------------------------------|---------------------|-----------|------------|
|                                | <b>Statistic</b>    | <b>df</b> | <b>Sig</b> |
| Perceived benefits of ADR      | 0.781               | 334       | 0          |
| Perceived ease of ADR use      | 0.796               | 334       | 0          |
| Knowledge and awareness of ADR | 0.763               | 334       | 0          |
| ADR adoption                   | 0.63                | 334       | 0          |

**Source: Research Data (2020)**

The Shapiro-Wilk test revealed that the individual variables data was not normally distributed since the significant values (0.000) was less than 0.05 which is the level of significance of 0.05.

#### **4.6.3 The Gauss Markov Test**

Before analysis, the data collected was tested for normality. Normalization could calculate and analyze the relationship between the independent and the dependent variables. In this case, standardization helped to verify the normal distribution of the dependent variable data given.



**Figure 4.2: Histogram**

**Source: Research Data (2020)**

Figure 4.2 revealed a bell- shaped figure, which implied that the data was normally distributed.

#### **4.6.4 Heteroscedasticity**

The assumption of equal variances was tested using white test. The Ho for the test is that there is no heteroscedasticity. Table 4.12 shows the summary of results.

**Table 4.12: Test for Heteroscedasticity**

|            |        |
|------------|--------|
| F( 2, 119) | 3.47   |
| Prob > F   | 0.3343 |
| Root MSE   | 1.3005 |

**Source: Research Data (2020)**

From the Table 4.12, the p-value for F-statistic is 0.3343 which is more than 0.05 at 95 percent confidence level. This means that the null hypothesis is not rejected hence there is no heteroscedasticity.

#### 4.6.5 Correlation Analysis- collinearity test

Multicollinearity refers, according to William, Burke, Beckman, Morgan, Daly and Litz (2013), to the presence of associations between the predictor variables. In extreme cases of perfect correlations between predictor variables, multicollinearities that mean that the smallest square solution for a regression analysis cannot be determined (Field, 2009). Standard errors and confidence intervals can result in inaccurate estimates of the coefficients for each predictor.

**Table 4.13: Multicollinearity Test**

|                         | <b>Tolerance</b> | <b>VIF</b>   |
|-------------------------|------------------|--------------|
| (Constant)              |                  |              |
| Perceived benefits      | 0.837            | 1.195        |
| Perceived ease of use   | 0.729            | 1.372        |
| Knowledge and awareness | 0.761            | 1.314        |
| <b>Average</b>          |                  | <b>1.294</b> |

**Source: Research Data (2020)**

The VIF values above 10 are a sign of multicollinearity, according to Field (2009). Table 4.13 results in inflation variance factors showed that the variance inflation factors were 1.195, 1.372 and 1.314 giving an average of 1.294 which is less than 10. This indicated that there was no multi collinearity.

## 4.7 Inferential Statistics

### 4.7.1 Correlation Analysis

The study sought to establish the association among the study variables. The results are as presented in Table 4.14.

**Table 4.14: Correlation Results**

|                                |                     | <b>ADR Adoption</b> | <b>Perceived benefits of ADR</b> | <b>Perceived ease of ADR use</b> | <b>Knowledge and awareness of ADR</b> |
|--------------------------------|---------------------|---------------------|----------------------------------|----------------------------------|---------------------------------------|
| ADR Adoption                   | Pearson Correlation | 1                   |                                  |                                  |                                       |
|                                | Sig. (2-tailed)     |                     |                                  |                                  |                                       |
| Perceived benefits of ADR      | Pearson Correlation | .693**              | 1                                |                                  |                                       |
|                                | Sig. (2-tailed)     | 0.000               |                                  |                                  |                                       |
| Perceived ease of ADR use      | Pearson Correlation | .530**              | .371**                           | 1                                |                                       |
|                                | Sig. (2-tailed)     | 0.000               | 0                                |                                  |                                       |
| Knowledge and awareness of ADR | Pearson Correlation | .496**              | .314**                           | .464**                           | 1                                     |
|                                | Sig. (2-tailed)     | 0.000               | 0.000                            |                                  |                                       |

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

**Source: Research Data (2020)**

The findings showed that there is a positive and significant relationship between Perceived benefits of ADR and ADR adoption ( $r=0.693$ ,  $p=0.000$ ). It was also found that Perceived ease of ADR use and ADR adoption had a positive and significant relationship ( $r=0.530$ ,  $p=0.000$ ). It was also revealed that there was a positive and significant relationship between knowledge and awareness of ADR and ADR adoption ( $r=0.496$ ,  $p=0.000$ ). This implies that an increase in any unit of the variables leads to an increase in the ADR adoption.

#### 4.7.2 Regression Analysis

The results in Table 4.15 presented the fitness of model of regression model used in explaining the study phenomena.

**Table 4.15: Model Fitness**

| <b>Indicator</b>           | <b>Coefficient</b> |
|----------------------------|--------------------|
| R                          | 0.777              |
| R Square                   | 0.604              |
| Adjusted R Square          | 0.600              |
| Std. Error of the Estimate | 0.43762            |

**Source: Research Data (2020)**

Perceived benefits of ADR, perceived ease of ADR use and knowledge and awareness of ADR were found to be satisfactory variables in explaining the adoption of ADR by the medium taxpayers in Nairobi County. This was accompanied by the 60.4 percent determination coefficient, also known as the R square. This meant that 60.4 percent of the differences in the dependent variable that was ADR acceptance were explained by perceived advantages of ADR, perceived ease of ADR usage and knowledge and understanding of ADR. The findings further showed that the model used to link the relationship between the variables was satisfactory.

When statistically relevant analysis is carried out, the p-value displays the relationship rate of the independent variable to the dependent variable. If the value found is smaller than the critical value, also known as the probability value (p), which is statistically set to 0.05, the impression would be that the model is important in explaining this relation, otherwise the model would be considered negligible. The results of the variance analysis (ANOVA) were provided in Table 4.16.

**Table 4.16: ANOVA**

| <b>Model</b> | <b>Sum of Squares</b> | <b>df</b> | <b>Mean Square</b> | <b>F</b> | <b>Sig.</b> |
|--------------|-----------------------|-----------|--------------------|----------|-------------|
|--------------|-----------------------|-----------|--------------------|----------|-------------|

|            |        |     |        |         |        |
|------------|--------|-----|--------|---------|--------|
| Regression | 96.272 | 3   | 32.091 | 167.568 | 0.000b |
| Residual   | 63.198 | 331 | 0.191  |         |        |
| Total      | 159.47 | 334 |        |         |        |

**Source: Research Data (2020)**

The findings showed that the overall model was statistically significant. In addition, the results showed that the independent variables were strong predictors of the adoption of ADR. The F statistic of 167.568 and the recorded p value (0.000) confirmed this, which was less than the traditional 0.05 significance level likelihood.

**Table 4.17: Regression of Coefficients**

|                                | $\beta$ | Std. Error | Beta  | t     | Sig.  |
|--------------------------------|---------|------------|-------|-------|-------|
| (Constant)                     | 1.885   | 0.28       |       | 6.732 | 0.000 |
| Perceived benefits of ADR      | 0.877   | 0.062      | 0.539 | 14.15 | 0.000 |
| Perceived ease of ADR use      | 0.277   | 0.049      | 0.228 | 5.653 | 0.000 |
| Knowledge and awareness of ADR | 0.279   | 0.05       | 0.221 | 5.580 | 0.000 |

**Source: Research Data (2020)**

Regression of coefficients results in Table 4.17 revealed that perceived benefits of ADR and ADR adoption are positively and significant related ( $\beta=0.877$ ,  $p=0.000$ ). Based on the results, the null hypothesis (H01) that perceived benefits do not significantly influence ADR adoption amongst medium taxpayers in Nairobi County was rejected. This implied that perceived benefits had a significant influence on ADR adoption amongst medium taxpayers.

The table further indicated that perceived ease of ADR use and ADR adoption are positively and significantly related ( $\beta=0.277$ ,  $p=0.000$ ). Based on the results, the null hypothesis (H02) that perceived ease of use does not significantly influence ADR adoption amongst medium taxpayers in Nairobi County was rejected. This implied that perceived ease of use had a significant influence on ADR adoption amongst medium taxpayers.

It was further established that knowledge and awareness of ADR and ADR adoption were positively and significantly related ( $\beta=0.279$ ,  $p=0.000$ ). Based on the results, the null hypothesis (H03) that knowledge and awareness do not significantly influence ADR adoption amongst medium taxpayers in Nairobi County was rejected. This implied that knowledge and awareness had a significant influence on ADR adoption amongst medium taxpayers.

Thus, the optimal model for the study is;

$$\text{ADR adoption} = 1.885 + 0.877 \text{ Perceived benefits of ADR} + 0.277 \text{ Perceived ease of ADR use} + 0.279 \text{ Knowledge and awareness of ADR}$$

This indicates that a unit increase in perceived benefits of ADR would lead to a change in ADR adoption by 0.877 units. Similarly, a unit change in perceived ease of ADR use would lead to a change in the ADR adoption by 0.277 units. In addition, a unit change in knowledge and awareness of ADR would lead to change in the ADR adoption by 0.279 units.

**Table 4.18: Summary of Hypothesis Testing**

| No  | Hypothesis  | P value    | Decision |
|-----|---|------------|----------|
| H01 | Perceived benefits do not significantly influence ADR adoption amongst medium taxpayers in Nairobi County.      | 0.000<0.05 | Rejected |
| H02 | Perceived ease of use does not significantly influence ADR adoption amongst medium taxpayers in Nairobi County. | 0.000<0.05 | Rejected |
| H03 | Knowledge and awareness do not significantly influence ADR adoption amongst medium taxpayers in Nairobi County. | 0.000<0.05 | Rejected |

**Source: Research data (2020)**

#### **4.8 Discussion of Key Findings**

The analysis aimed to determine the factors influencing adoption of ADR mechanisms in tax management. The respondents were the medium taxpayers in Nairobi County. The findings revealed that majority of the respondent were the employees of the different companies/ organizations in Nairobi area. The results further revealed that majority of the respondents were from the Telecommunication & Media sector. The findings also revealed that most of the respondents had 6 to 10 years of work experience. The results also revealed that most of these companies had been in operation for a period of 10-15 years.

Based on the Perceived benefits variable, the results revealed that the ADR is cost effective. Further, ADR methods generate significant cost savings. Moreover, the taxpayers are allowed to negotiate for reduced penalties and interest levied on the taxes deemed due and payable. The study also showed that ADR proceedings and findings are confidential, allowing parties to sidestep questions about the public effect of the conflict. In addition, it is possible to take into account the use of ADR processes, in particular mediation, business interests, and to create viable long-term

options in a less confrontational forum that enables parties to retain business relationships.

Findings from correlation and regression analyses indicated a positive and significant relationship between Perceived benefits of ADR and ADR adoption ( $r=0.693$ ,  $p=0.000$ ). Mwesigwa (2010) found out that if the customers have positive attitudes towards internet banking, they are bound to trust the transactions, the same way the tax payers perception about the benefits to accrue from adopting ADR would influence their decision whether or not to adopt the use of ADR.

From the Perceived ease of use variable, the findings showed that majority of the respondents agreed that ADR is absolutely time effective. Furthermore, ADR offers specific fast-track methods, such as expedited arbitration or mediation. In addition, ADR has less formality hence making it flexible. ADR is good at settling disputes involving several jurisdictions in a single forum, thereby avoiding the expense and complexity of multi-jurisdictional litigation and the risk of inconsistent results. Moreover, ADR allow parties to have control of the proceedings by deciding the time and location to hold the deliberations and the people to attend the meetings thereby making it more flexible.

It was also found that Perceived ease of ADR use and ADR adoption had a direct and meaningful connection ( $r=0.530$ ,  $p=0.000$ ). A study done by Mohammadi (2015) revealed that the relationship between ease of use and the attitude of clients towards the implementation of the technique is arbitrated by perceived usefulness.

According to the knowledge and awareness variable, majority of the respondents agreed that they had attended at least one tax management and ADR sensitization seminars. They agreed that their organization has learnt about ADR through print

media and other forms of media. They further agreed that their learnt about ADR through referrals from other companies who used ADR to resolve their tax disputes. They learnt about ADR through referral from the Tax Appeals Tribunal. Most employees were well versed in tax management and they were knowledgeable of ADR Process and Procedures for the resolution of any tax disputes. Moreover, they agreed that the ADR method of tax dispute resolution is frequently used by this organization. It was also found out that most organizations had filed a good percentage of cases and processed them through ADR mechanism and that the number of successful ADR cases was high.

Further, the results revealed that there was a direct and meaningful connection between knowledge and awareness of ADR and ADR adoption ( $r=0.496$ ,  $p=0.000$ ). These results were similar to those done by Slade (2012), who revealed that farmers' level of awareness is a major determinant of new technology diffusion.

## **CHAPTER FIVE**

## **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

### **5.1 Introduction**

The overview of the results, the findings and the recommendations are discussed in this chapter. This was done in accordance with the study's goals.

### **5.2 Summary of the Findings**

The study aimed to determine the factors influencing the adoption of alternative dispute resolution in tax management on the medium taxpayers in Nairobi County. The research objectives were to examine the influence of perceived benefits of ADR, perceived ease of use of ADR and ADR awareness or ADR knowledge on adoption of alternative dispute resolution by medium taxpayers.

An explanatory research design was adopted by this report. The target population in Nairobi County was 2526 medium taxpayers, where the executives, managers and staff of the various organizations were targeted. Simple random sampling was used to select the study participant, that is, the directors, employees and the managers of the business. Self-administered questionnaires were created and randomly distributed to the target population in accordance with the study objectives. The Software version 20.0 of the Statistical Social Sciences Package (SPSS) was used for the analysis of the data. Descriptive and inferential statistics were developed in the analysis. In terms of tables and percentages, descriptive statistics were presented. Inferential statistics were presented as correlation tests and regression coefficients.

#### **5.2.1 Perceived benefits of ADR**

The first objective was to examine the influence of perceived benefits of ADR on adoption of alternative dispute resolution by medium taxpayers in Nairobi County, Kenya. Descriptive results show that the mean of perceived benefits of ADR was

4.40, which implies that the majority of the participants agreed with most of the assertions; the standard deviation of 0.76 shows that the responses did not have much variation and were clustered around the mean response. Correlation results( $r=(0.693)$ ) at 5% significance level revealed that perceived benefits of ADR was positively related with ADR adoption. This implies that an increase in the perceived benefits would lead to an increased in ADR adoption in tax management.

Regression results ( $\beta=0.877$ ,  $p=0.000$ ) showed that perceived benefits of ADR had a direct and meaningful influence on adoption of ADR. Essentially, this would mean that a unit increase in perceived benefits of ADR would lead to an increase in ADR adoption by 87.7%. Further, the null hypothesis ( $H_0$ ) that perceived benefits do not significantly influence ADR adoption amongst medium taxpayers in Nairobi County was rejected in favour of the alternative. The findings concurred with those of Mwesigwa (2010) who found out that if the customers have positive attitudes towards internet banking, they are bound to trust the transactions, the same way the tax payers perception about the benefits to accrue from adopting ADR would influence their decision whether or not to adopt the use of ADR.

### **5.2.2 Perceived Ease of use of ADR**

The second objective was to examine the influence of perceived ease of use of ADR on adoption of alternative dispute resolution by medium taxpayers in Nairobi County, Kenya. Descriptive results show that the mean of perceived ease of use of ADR was 4.27, which implies that the most of the participants agreed with majority of the claims. The standard deviation of 0.98 indicated the responses did not have much variation and were clustered around the mean response. Correlation results( $r=(0.530)$ ) at 5% significance level revealed that perceived benefits of ADR was positively

related with ADR adoption. This implies that, an increase in the perceived ease of ADR use would lead to an increase in ADR adoption.

Regression results ( $\beta=0.277$ ,  $p=0.000$ ) showed that perceived ease of use of ADR had a positive and significant influence on adoption of ADR. Further, the null hypothesis (H02) that perceived ease of use does not significantly influence ADR adoption amongst medium taxpayers in Nairobi County was rejected in favour of the alternative. The results were consistent with those of Mohammadi (2015) who established that perceived usefulness arbitrates the relationship between ease of use and customers' attitude towards the adoption of the technique.

### **5.2.3 ADR Knowledge and Awareness**

The third objective was to examine the influence of ADR knowledge and awareness on adoption of alternative dispute resolution by medium taxpayers in Nairobi County, Kenya. Descriptive results show that the mean of perceived ease of use of ADR was 4.28 which imply that the majority of the participants agreed with most of the assertions. Correlation results ( $r=(0.496)$ ) at 5% significance level revealed that perceived benefits of ADR was positively related with ADR adoption. This implies that an increase in ADR knowledge would positively impact the uptake of ADR adoption.

Regression results ( $\beta=0.279$ ,  $p=0.000$ ) showed that perceived ease of use of ADR had a positive and significant influence on adoption of ADR. Further, the null hypothesis (H03) that knowledge and awareness do not significantly influence ADR adoption amongst medium taxpayers in Nairobi County was rejected in favour of the alternative. The findings supported those of Slade (2012) who revealed that knowledge level of the farmers is a major determinant of diffusion of new technology.

### **5.3 Conclusion**

The findings indicated that Perceived benefits of ADR had a positive and significant effect on adoption of ADR in tax disputes management. This implies that organizations with a positive perception on the possible benefits that may accrue from ADR can increase the rate of ADR adoption for tax disputes settlement.

The study results further indicated that perceived ease of use of ADR had a positive and significant effect on adoption of ADR in tax disputes management. This implies that organizations with a positive perception on the ease of use of ADR are highly likely to increase the rate of ADR use for tax disputes settlement.

In addition, the study results showed that ADR knowledge and awareness had a positive and significant influence on adoption of ADR in tax disputes management. This may mean that the more knowledgeable and aware an organization is about ADR, the higher the probability of adoption of ADR in tax disputes management. Therefore, investing in ADR awareness programs may positively influence ADR adoption.

### **5.4 Recommendations from the Study**

#### **5.4.1 Recommendations to Theory**

The study established a positive and significant relationship between Perceived benefits, perceived ease of use, knowledge and awareness and adoption of ADR in tax disputes management. The study, therefore, makes significant contribution to theory in terms of predicting the influence of the Perceived benefits, perceived ease of use and knowledge & awareness on adoption of ADR in tax disputes management.

#### **5.4.2 Recommendations to Policy and Practice**

The findings of this study indicated that Perceived benefits of ADR had a positive and significant effect on adoption of ADR in tax disputes management. Additionally, the findings indicated that perceived ease of use of ADR had a positive and significant effect on ADR Adoption. Therefore, it is recommended that the government of Kenya should develop and implement a policy that makes it mandatory for all the companies to solve tax cases using the ADR mechanism in the first instance before proceeding to the court. This would in return ensure that the benefits envisioned to be achieved through the introduction of ADR in tax management are achieved thereby enhancing revenue collection by the faster release of revenue held up in disputes and in the same breadth minimize collection costs.

From the taxpayers' front, this would minimize costs in dispute resolution and enhance lasting relationships between the taxpayer and the tax administration due to the confidentiality nature of the ADR process. Costantino and Merchant (1996) advocate for the need for simplicity in usage and access to ADR systems with a view to ensure that disputes are settled at the earliest. They also propound that it is necessary that disputants have the necessary knowledge and skill to choose and use ADR.

The findings of this study indicated that Knowledge and awareness of ADR had a positive and significant effect on adoption of ADR. This study therefore recommends that taxpayers should embrace ADR in resolution of tax disputes by allocating more resources and building capacity of their employees. Additionally, tax companies in Nairobi should invest more funds in research and educate their clients on the importance of adopting the ADR methods in tax dispute resolution.

### **5.5 Limitations of the Study**

Being that the KRA framework adopts the use of mediation as the ADR mechanism in tax management; the findings of this study may not be universally applicable to all the ADR mechanisms. As such they are limited to mediation as one of the methods of ADR.

### **5.6 Suggestions of Further Study**

Future areas of study should study all the taxpayers in other counties to test the application of the results in other entrepreneurial enterprises for comparison of findings. Future studies should examine trends and perception in other sectors on the adoption of ADR in dispute resolution. This helps us understand, whether ADR is an effective method when settling disputes between an organization and the customers.

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## APPENDICES

### **Appendix I: Introduction Letter**

Dear Sir/Madam,

I am a student at Moi University pursuing Master of Tax and Customs degree. I am conducting a study to determine the influence of organizational factors on adoption of ADR mechanism in Kenya. The purpose of this letter is to request your input on the

area of this research. All information given for purposes of this study shall be confidential and any disclosure shall only be upon obtaining the express written consent of the interviewee. Participation in this study is on a voluntary basis and you may opt to withdraw at any time if need be. However, if you are willing to participate in this study, you are kindly requested to fill in the questionnaire attached herewith. Please be as honest as possible and feel free to ask for clarification and/or translation incase a particular question is not clear.

Thanking for your participation in this study.

Yours faithfully.

## Appendix II: Questionnaire

### SECTION ONE: ORGANIZATION CHARACTERISTICS

*Instructions: Kindly tick appropriately*

#### 1. What is your position in the company?

|             |  |
|-------------|--|
| a) Director |  |
| b) Manager  |  |
| c) Employee |  |

#### 2. Which sector is the organization?

|   |  |
|---|--|
| Telecommunication & Media                 |  |
| Construction & Allied Industries          |  |
| Banks, Financial Institutions & Insurance |  |
| Food & Other Manufacturers                |  |
| Services                                  |  |
| Energy                                    |  |
| Transport & Storage                       |  |
| Other                                     |  |

#### 3. How long have you been at the organization?

|                        |  |
|------------------------|--|
| 1. Between 1-5 years   |  |
| 2. Between 6- 10 years |  |
| 3. Over 10 years       |  |

#### 4. How long has the company been in existence?

|                        |  |
|------------------------|--|
| 1. Between 1-10 years  |  |
| 2. Between 10-15 years |  |
| 3 More than 10 years   |  |

**SECTION TWO: PERCEIVED BENEFITS AND ADOPTION OF ALTERNATIVE DISPUTE RESOLUTION MECHANISM**

**5. Kindly indicate the level you agree with the following statements on the perceived benefits of ADR.**

*Where 1 is strongly disagree, 2 is disagree, 3 is not sure, 4 is agree and 5 is strongly agree*

| Statements   | 1 | 2 | 3 | 4 | 5 |
|--|---|---|---|---|---|
| ADR mechanism is less costly compared to litigation in dispute settlement i.e. ADR is cost effective.  |   |   |   |   |   |
| ADR is cost-effective and speedy dispute resolution Compared to multi-jurisdictional proceedings; ADR methods generate significant cost savings.   |   |   |   |   |   |
| Using ADR allows the taxpayer to negotiate for reduced penalties and interest levied on the taxes deemed due and payable   |   |   |   |   |   |
| ADR proceedings and outcomes are confidential, allowing the parties to sidestep concerns about the dispute's public impact.  |   |   |   |   |   |
| By using ADR mechanisms, in particular mediation, business interests can be taken into account and viable long-term solutions can be developed in a less confrontational forum, allowing parties to preserve business relationships. |   |   |   |   |   |

**SECTION THREE: PERCEIVED EASE OF USE AND ADOPTION OF ALTERNATIVE DISPUTE RESOLUTION MECHANISM.**

**6. Kindly indicate the level you agree to the following statements on perceived ease of ADR use.**

*Where 1 is strongly disagree, 2 is disagree, 3 is not sure, 4 is agree and 5 is strongly agree*

| <b>Statements</b>  | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
|--|----------|----------|----------|----------|----------|
| The time taken to resolve tax disputes through ADR is less than that of going through the court. So ADR is absolutely time effective.  |          |          |          |          |          |
| ADR offers specific fast-track methods, such as expedited arbitration or mediation.  |          |          |          |          |          |
| ADR is a straightforward method with less formality hence making it flexible.  |          |          |          |          |          |
| ADR is good at settling disputes involving several jurisdictions in a single forum, thereby avoiding the expense and complexity of multi-jurisdictional litigation and the risk of inconsistent results. |          |          |          |          |          |
| ADR allow parties to have control of the proceedings by deciding the time and location to hold the deliberations and the people to attend the meetings thereby making it more flexible.                  |          |          |          |          |          |

**SECTION FOUR: KNOWLEDGE AND AWARENESS OF AND ADOPTION OF ALTERNATIVE DISPUTE RESOLUTION MECHANISM.**

**7. Kindly indicate the level you agree to the following statements on knowledge and awareness of ADR.**

*Where 1 is strongly disagree, 2 is disagree, 3 is not sure, 4 is agree and 5 is strongly agree*

| <b>Statements</b>   | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
|---|----------|----------|----------|----------|----------|
| The company managers have attended at least one Tax management and ADR sensitization seminars.                  |          |          |          |          |          |
| The organization has learnt about ADR through print media and other forms of media.                             |          |          |          |          |          |
| Our company learnt about ADR through referrals from other companies who used ADR to resolve their tax disputes. |          |          |          |          |          |
| Our Company learnt about ADR through referral from the Tax Appeals Tribunal.                                    |          |          |          |          |          |
| We have employees who are well versed in tax management.  |          |          |          |          |          |
| We have employees who are knowledgeable of ADR Process and Procedures for the resolution of any tax disputes.   |          |          |          |          |          |

**SECTION FIVE: ADR ADOPTION.**

- 8. Kindly indicate the level you agree to the following statements on ADR adoption.**

*Where 1 is strongly disagree, 2 is disagree, 3 is not sure, 4 is agree and 5 is strongly agree*

| <b>Statements</b>   | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
|---|----------|----------|----------|----------|----------|
| ADR method of tax dispute resolution is frequently used by this organization.                   |          |          |          |          |          |
| This organization has filed a good percentage of cases and processed them through ADR mechanism |          |          |          |          |          |
| The number of successful ADR settlement for this company is high.                               |          |          |          |          |          |

**Thank you**

**Appendix III: Medium Taxpayers**

| No. | Taxpayer Name                        | County  | District               |
|-----|--------------------------------------|---------|------------------------|
| 1   | Car & General (Kenya) Limited        | Nairobi | Nairobi West District  |
| 2   | Kenya Planters Co-Operative Union    | Nairobi | Nairobi East District  |
| 3   | Boc Kenya Plc                        | Nairobi | Nairobi East District  |
| 4   | Gathani Limited                      | Nairobi | Nairobi East District  |
| 5   | Nandlal And Company Limited          | Nairobi | Nairobi East District  |
| 6   | Debenham And Fear Limited            | Nairobi | Nairobi North District |
| 7   | Fairview Hotel Limited               | Nairobi | Dagoreti District      |
| 8   | Karachiwalla (Nairobi) Limited       | Nairobi | Westlands District     |
| 9   | Slater & Whittaker Ltd               | Nairobi | Westlands District     |
| 10  | International Energy Technik Limited | Nairobi | Nairobi East District  |
| 11  | Nairobi Ironmongers Limited          | Nairobi | Nairobi East District  |
| 12  | Modern Ways Limited                  | Nairobi | Langata District       |
| 13  | White Rose Dry Cleaners Limited      | Nairobi | Nairobi West District  |
| 14  | Adams Brown & Co Ltd                 | Nairobi | Nairobi North District |
| 15  | New Westland Stores Limited          | Nairobi | Kasarani District      |
| 16  | Jos. Hansen & Soehne (East Africa)   | Nairobi | Kasarani District      |
| 17  | Sayani Investments Limited           | Nairobi | Nairobi East District  |
| 18  | Karen Enterprises Ltd                | Nairobi | Starehe District       |
| 19  | Gordon Court Limited                 | Nairobi | Westlands District     |
| 20  | Thika Wax Works Limited              | Nairobi | Nairobi East District  |
| 21  | Acharya Travel Agencies Limited      | Nairobi | Starehe District       |
| 22  | E A Registrars                       | Nairobi | Nairobi West District  |
| 23  | Razco Limited                        | Nairobi | Nairobi East District  |
| 24  | Panalpina Airflo Limited             | Nairobi | Nairobi East District  |
| 25  | Pfizer Laboratories Limited          | Nairobi | Nairobi East District  |
| 26  | The Church Commissioners For Kenya   | Nairobi | Westlands District     |
| 27  | High Chem East Africa Limited        | Nairobi | Makadara District      |
| 28  | Pioneer Plumbers Limited             | Nairobi | Langata District       |

|    |   |         |                        |
|----|---|---------|------------------------|
| 29 | Chester House Limited                   | Nairobi | Starehe District       |
| 30 | Rentokil Limited                        | Nairobi | Embakasi District      |
| 31 | Childfund Kenya                         | Nairobi | Westlands District     |
| 32 | Itochu Corporation                      | Nairobi | Westlands District     |
| 33 | Ethiopia Air Lines Inc                  | Nairobi | Starehe District       |
| 34 | Deutsche Lufthansa                      | Nairobi | Westlands District     |
| 35 | Put Sarajevo General Engineering        | Nairobi | Westlands District     |
| 36 | Zic (Kenya) Limited                     | Nairobi | Kasarani District      |
| 37 | Saudi Arabian Airlines                  | Nairobi | Nairobi East District  |
| 38 | Helpage International Limited           | Nairobi | Westlands District     |
| 39 | World Concern International             | Nairobi | Dagoreti District      |
| 40 | Servicoff Limited                       | Nairobi | Nairobi East District  |
| 41 | Heifer Project International            | Nairobi | Langata District       |
| 42 | Konoike Construction Company            | Nairobi | Westlands District     |
| 43 | China Sichuan International             | Nairobi | Kasarani District      |
| 44 | Agence France-Presse                    | Nairobi | Westlands District     |
| 45 | African Economic Reseach Consortium     | Nairobi | Westlands District     |
| 46 | Practical Action                        | Nairobi | Westlands District     |
| 47 | McLeod And Company (East Africa)        | Nairobi | Nairobi East District  |
| 48 | Strathmore Educational Trust Registered | Nairobi | Nairobi West District  |
| 49 | Shah Timber Mart Ltd                    | Nairobi | Nairobi East District  |
| 50 | Filmico Agencies Limited                | Nairobi | Embakasi District      |
| 51 | Abercrombie & Kent Limited              | Nairobi | Nairobi West District  |
| 52 | Z. Boskovic Air Charters Limited        | Nairobi | Nairobi West District  |
| 53 | Wire Products Limited                   | Nairobi | Nairobi East District  |
| 54 | Eveready East Africa Limited            | Nairobi | Nairobi East District  |
| 55 | Emco Holdings Limited                   | Nairobi | Westlands District     |
| 56 | Hall Thermotank Equatorial Limited      | Nairobi | Embakasi District      |
| 57 | Blackwood Hodge (Kenya) Limited         | Nairobi | Makadara District      |
| 58 | Patco Industries Limited                | Nairobi | Nairobi East District  |
| 59 | Rubber Products Limited                 | Nairobi | Nairobi North District |
| 60 | The Paper House Of Kenya Limited        | Nairobi | Nairobi East District  |
| 61 | Kenya Aerotech Limited                  | Nairobi | Nairobi East District  |

|    |  |         |                       |
|----|--|---------|-----------------------|
| 62 | Patel Automobile House Limited         | Nairobi | Nairobi East District |
| 63 | Auto Springs Manufacturers Limited     | Nairobi | Nairobi East District |
| 64 | Mac Naughton Limited                   | Nairobi | Dagoreti District     |
| 65 | Kartasi Industries Limited             | Nairobi | Nairobi East District |
| 66 | Musiara Limited                        | Nairobi | Nairobi West District |
| 67 | Henkel Polymer Company Limited         | Nairobi | Nairobi West District |
| 68 | Labh Singh Harman Singh Limited        | Nairobi | Nairobi East District |
| 69 | Cavina School Limited                  | Nairobi | Westlands District    |
| 70 | Southern Cross Safaris Limited         | Nairobi | Nairobi West District |
| 71 | Holman Brothers East Africa Limited    | Nairobi | Nairobi West District |
| 72 | Hf Development & Investment Limited    | Nairobi | Starehe District      |
| 73 | K & A Self Selection Store Limited     | Nairobi | Nairobi East District |
| 74 | Newspaper Transporters Limited         | Nairobi | Nairobi East District |
| 75 | T.M. Construction Limited              | Nairobi | Embakasi District     |
| 76 | Precision Plastics Limited             | Nairobi | Nairobi East District |
| 77 | L.G.Harris & Company (East Africa)     | Nairobi | Kasarani District     |
| 78 | Kenya Hotel Properties Ltd             | Nairobi | Nairobi West District |
| 79 | Athena Properties Limited              | Nairobi | Nairobi East District |
| 80 | Mini Cabs & Tours Company Limited      | Nairobi | Westlands District    |
| 81 | Victoria Furnitures Limited            | Nairobi | Westlands District    |
| 82 | Aqua Plumbing Company Limited          | Nairobi | Starehe District      |
| 83 | Cementers Limited                      | Nairobi | Starehe District      |
| 84 | Karen Provision Stores Limited         | Nairobi | Langata District      |
| 85 | Rhino Safaris Limited                  | Nairobi | Westlands District    |
| 86 | International Society For Krishna      | Nairobi | Kasarani District     |
| 87 | Printfast Kenya Limited                | Nairobi | Langata District      |
| 88 | Afro-City Tobacco Distributors         | Nairobi | Westlands District    |
| 89 | Tembo Coop.S & Cr. Ltd.                | Nairobi | Kasarani District     |
| 90 | Wagama Limited                         | Nairobi | Starehe District      |
| 91 | Brookhouse Schools Limited             | Nairobi | Langata District      |
| 92 | City Engineering Works (Kenya) Limited | Nairobi | Westlands District    |

|     |   |         |                        |
|-----|---|---------|------------------------|
| 93  | Kahuho Holdings Limited                   | Nairobi | Langata District       |
| 94  | Polysynthetics Eastern Africa Limited     | Nairobi | Makadara District      |
| 95  | Galaxy Paints And Coatings Limited        | Nairobi | Nairobi East District  |
| 96  | Aea Limited                               | Nairobi | Nairobi East District  |
| 97  | Atlas Plumbers & Builders (Kenya) Limited | Nairobi | Nairobi North District |
| 98  | Aquva Agencies Limited                    | Nairobi | Makadara District      |
| 99  | Welrods Limited                           | Nairobi | Nairobi East District  |
| 100 | Security Guards Services Limited          | Nairobi | Nairobi West District  |
| 101 | The East African Seed Company Limited     | Nairobi | Nairobi East District  |
| 102 | Spicers (Eastern Africa) Limited          | Nairobi | Nairobi West District  |
| 103 | Asili Sav. & Cr. Cs Ltd.                  | Nairobi | Starehe District       |
| 104 | Kenya Highland Seed Company Limited       | Nairobi | Nairobi East District  |
| 105 | East African Ornithological Safaris       | Nairobi | Nairobi West District  |
| 106 | Midco Textiles (East Africa) Limited      | Nairobi | Makadara District      |
| 107 | The Kenya Association Of Manufacturers    | Nairobi | Nairobi East District  |
| 108 | Bon Voyage Limited                        | Nairobi | Westlands District     |
| 109 | Elys Chemical Industries Limited          | Nairobi | Nairobi East District  |
| 110 | City Registrars Limited                   | Nairobi | Nairobi North District |
| 111 | Paperbags Limited                         | Nairobi | Makadara District      |
| 112 | Taita Hills And Salt Lick Wildlife        | Nairobi | Starehe District       |
| 113 | Colourprint Limited                       | Nairobi | Nairobi East District  |
| 114 | Trufoods Limited                          | Nairobi | Nairobi East District  |
| 115 | Thika Cloth Mills Limited                 | Nairobi | Westlands District     |
| 116 | Achelis Kenya Limited                     | Nairobi | Nairobi East District  |
| 117 | Armco (Kenya) Limited                     | Nairobi | Nairobi North District |
| 118 | G.North And Son Limited                   | Nairobi | Nairobi East District  |
| 119 | Soma Properties Limited                   | Nairobi | Nairobi North District |
| 120 | Cassini & Tonolo Limited                  | Nairobi | Nairobi East           |

|     |  |         | District               |
|-----|--|---------|------------------------|
| 121 | Impala Glass Industries Limited            | Nairobi | Nairobi East District  |
| 122 | Tns Rms East Africa Ltd                    | Nairobi | Nairobi West District  |
| 123 | Steelwool (Africa) Limited                 | Nairobi | Langata District       |
| 124 | Eslon Plastics Of Kenya Limited            | Nairobi | Nairobi East District  |
| 125 | Sentrim Kenya Limited                      | Nairobi | Westlands District     |
| 126 | Agriquip Agencies (E.A) Limited            | Nairobi | Nairobi East District  |
| 127 | Kenya Tea Development Agency Limited Staff | Nairobi | Starehe District       |
| 128 | Nipsur Hardware Limited                    | Nairobi | Nairobi East District  |
| 129 | Abcon Industries Ltd                       | Nairobi | Nairobi North District |
| 130 | Butterfly Properties Limited               | Nairobi | Nairobi West District  |
| 131 | Riley Services Limited                     | Nairobi | Westlands District     |
| 132 | Mada Holdings Limited                      | Nairobi | Langata District       |
| 133 | Ukwala Trading Company Limited             | Nairobi | Nairobi East District  |
| 134 | Somak Travel Limited                       | Nairobi | Nairobi East District  |
| 135 | Fine Engineering Works Limited             | Nairobi | Nairobi East District  |
| 136 | African Express Airways (Kenya) Limited    | Nairobi | Nairobi East District  |
| 137 | Kenya School Of Professional Studies       | Nairobi | Nairobi North District |
| 138 | Adventures Aloft Kenya Limited             | Nairobi | Nairobi East District  |
| 139 | Uchumi Chemicals Limited                   | Nairobi | Nairobi East District  |
| 140 | Timber Corner Limited                      | Nairobi | Nairobi West District  |
| 141 | Jamii Coop Sav And Cr Ltd.                 | Nairobi | Nairobi East District  |
| 142 | General Hardware (K) Limited               | Nairobi | Westlands District     |
| 143 | Magic General Contractors Limited          | Nairobi | Makadara District      |
| 144 | Waumini Savings Cs & Cs Ltd.               | Nairobi | Kasarani District      |
| 145 | Sigma Feeds Limited                        | Nairobi | Langata District       |
| 146 | Equip Agencies Limited                     | Nairobi | Nairobi East District  |
| 147 | Rickshaw Travels (Kenya) Limited           | Nairobi | Westlands District     |
| 148 | Leo Investments Limited                    | Nairobi | Starehe District       |
| 149 | Vajas Manufacturers Limited                | Nairobi | Nairobi East           |

|     |                                       |         | District               |
|-----|---------------------------------------|---------|------------------------|
| 150 | Brother Shirts Factory Limited        | Nairobi | Nairobi East District  |
| 151 | Kenya Credit Traders Limited          | Nairobi | Langata District       |
| 152 | United Bags Manufacturers Limited     | Nairobi | Westlands District     |
| 153 | Saj Enterprises Limited               | Nairobi | Embakasi District      |
| 154 | Budget Shoes Limited                  | Nairobi | Nairobi East District  |
| 155 | International House Limited           | Nairobi | Nairobi North District |
| 156 | Zakhem Construction (Kenya) Limited   | Nairobi | Nairobi East District  |
| 157 | English Press Limited                 | Nairobi | Nairobi East District  |
| 158 | Parklands Shade Hotel Limited         | Nairobi | Nairobi North District |
| 159 | Marie Stopes Kenya Limited            | Nairobi | Westlands District     |
| 160 | Warren Concrete Limited               | Nairobi | Kasarani District      |
| 161 | Electrical And General Appliances     | Nairobi | Makadara District      |
| 162 | Nyati Savings And Credit C0-Operative | Nairobi | Nairobi East District  |
| 163 | Mhasibu Coop Savings & Credit Soc Ltd | Nairobi | Westlands District     |
| 164 | Nationwide Electrical Industries      | Nairobi | Kasarani District      |
| 165 | Kenatco Taxis Limited                 | Nairobi | Starehe District       |
| 166 | Longonot Agencies Limited             | Nairobi | Westlands District     |
| 167 | Napro Industries Limited              | Nairobi | Nairobi East District  |
| 168 | Alloy Steel Castings Limited          | Nairobi | Kasarani District      |
| 169 | Kasarani Sports View Hotel Limited    | Nairobi | Kasarani District      |
| 170 | Kate Freight And Travel Limited       | Nairobi | Nairobi West District  |
| 171 | Punchlines Limited                    | Nairobi | Langata District       |
| 172 | Cheli And Peacok Limited              | Nairobi | Langata District       |
| 173 | Apollo Tours And Travel Limited       | Nairobi | Kasarani District      |
| 174 | Tor Allan Safaris Limited             | Nairobi | Langata District       |
| 175 | Sigma Manufacturing Company Limited   | Nairobi | Nairobi East District  |
| 176 | Yana Towers Limited                   | Nairobi | Westlands District     |
| 177 | Noble Agencies Limited                | Nairobi | Nairobi East District  |
| 178 | Manufacturers & Suppliers (K) Limited | Nairobi | Nairobi East District  |
| 179 | Kingsway Nominees Limited             | Nairobi | Westlands District     |
| 180 | Slumberland Kenya Limited             | Nairobi | Nairobi East District  |
| 181 | Travel N Style Limited                | Nairobi | Nairobi West           |

|     |                                       |         | District                      |
|-----|---------------------------------------|---------|-------------------------------|
| 182 | Treadsetters Tyres Limited            | Nairobi | Kasarani District             |
| 183 | Nairobi Enterprises Limited           | Nairobi | Westlands District            |
| 184 | Amedo Sewing Products Limited         | Nairobi | Kasarani District             |
| 185 | Friends Petrol Traders Limited        | Nairobi | Starehe District              |
| 186 | Comet Plastics Limited                | Nairobi | Nairobi East District         |
| 187 | Mandhir Construction Limited          | Nairobi | Nairobi East District         |
| 188 | Cba Property Holdings Limited         | Nairobi | Kamukunji District<br>Nairobi |
| 189 | Super Manufacturers Limited           | Nairobi | Nairobi North District        |
| 190 | Premier Food Industries Limited       | Nairobi | Nairobi East District         |
| 191 | Ongata Works Limited                  | Nairobi | Nairobi East District         |
| 192 | Quarryquip And Spares Ltd             | Nairobi | Nairobi North District        |
| 193 | Urgent Cargo Handling Limited         | Nairobi | Westlands District            |
| 194 | Canon Aluminium Fabricators Limited   | Nairobi | Embakasi District             |
| 195 | Dandora Millers Limited               | Nairobi | Njiru District                |
| 196 | Skytrain Limited                      | Nairobi | Embakasi District             |
| 197 | Esquire Investments Limited           | Nairobi | Nairobi East District         |
| 198 | Prossels Limited                      | Nairobi | Nairobi East District         |
| 199 | Hoggers Limited                       | Nairobi | Westlands District            |
| 200 | Chemusian Company Limited             | Nairobi | Starehe District              |
| 201 | Nairobi Sports House Limited          | Nairobi | Nairobi West District         |
| 202 | Kentainers Limited                    | Nairobi | Nairobi East District         |
| 203 | Chemicals And School Supplies Limited | Nairobi | Starehe District              |
| 204 | Twiga Car Hire & Tours Limited        | Nairobi | Dagoreti District             |
| 205 | Longonot Horticulture Limited         | Nairobi | Nairobi North District        |
| 206 | Tropical Heat Limited                 | Nairobi | Nairobi East District         |
| 207 | Wadia Construction Company Limited    | Nairobi | Westlands District            |
| 208 | Laxmi Booksellers And Stationers      | Nairobi | Starehe District              |
| 209 | Gurdev Engineering Works Limited      | Nairobi | Langata District              |
| 210 | Fruity Fruit Limited                  | Nairobi | Nairobi North District        |
| 211 | Kenyan Hydraulics                     | Nairobi | Nairobi East                  |

|     |                                    |         | District               |
|-----|------------------------------------|---------|------------------------|
| 212 | Chemicals & Solvents Limited       | Nairobi | Embakasi District      |
| 213 | Elite Computers Limited            | Nairobi | Westlands District     |
| 214 | Vitafoam Products Limited          | Nairobi | Nairobi East District  |
| 215 | Rami's Properties Limited          | Nairobi | Nairobi East District  |
| 216 | Minimax Enterprises Limited        | Nairobi | Nairobi East District  |
| 217 | Ziyungi Limited                    | Nairobi | Nairobi East District  |
| 218 | Coninx Industries Limited          | Nairobi | Nairobi East District  |
| 219 | Fit Tight Fasteners Limited        | Nairobi | Nairobi West District  |
| 220 | Schindler Limited                  | Nairobi | Westlands District     |
| 221 | Bio Food Products Limited          | Nairobi | Langata District       |
| 222 | Ngecha Industries Limited          | Nairobi | Nairobi East District  |
| 223 | Josra Coffee Company Limited       | Nairobi | Nairobi East District  |
| 224 | Planet Importers Limited           | Nairobi | Nairobi East District  |
| 225 | Romageco (Kenya) Limited           | Nairobi | Nairobi East District  |
| 226 | Grand Paints Limited               | Nairobi | Nairobi West District  |
| 227 | Kenbro Industries Limited          | Nairobi | Nairobi East District  |
| 228 | The Junction Limited               | Nairobi | Dagoreti District      |
| 229 | Silver Star Manufacturers Ltd      | Nairobi | Kasarani District      |
| 230 | Transafrica Paper Mills Limited    | Nairobi | Nairobi East District  |
| 231 | Radbone-Clark Kenya Limited        | Nairobi | Embakasi District      |
| 232 | Amiken Limited                     | Nairobi | Dagoreti District      |
| 233 | Bid Apartments Limited             | Nairobi | Nairobi East District  |
| 234 | Tecoma Limited                     | Nairobi | Nairobi East District  |
| 235 | Kapu (Kenya) Limited               | Nairobi | Nairobi East District  |
| 236 | Sentech Limited                    | Nairobi | Nairobi North District |
| 237 | Radiants Coatings And Inks Limited | Nairobi | Embakasi District      |
| 238 | Helix Limited                      | Nairobi | Nairobi East District  |
| 239 | Nirav Agencies Limited             | Nairobi | Nairobi East District  |

|     |                                     |         |                        |
|-----|-------------------------------------|---------|------------------------|
| 240 | Sana Industries Company Limited     | Nairobi | Makadara District      |
| 241 | Nairobi Homes Services Limited      | Nairobi | Westlands District     |
| 242 | Anglo African Property Holdings Plc | Nairobi | Starehe District       |
| 243 | Pipe Manufactures Limited           | Nairobi | Nairobi East District  |
| 244 | Kenroid Limited                     | Nairobi | Nairobi North District |
| 245 | Allparts Castings Limited           | Nairobi | Nairobi North District |
| 246 | Finlay Brushware Limited            | Nairobi | Nairobi East District  |
| 247 | The Nairobi West Hospital Limited   | Nairobi | Langata District       |
| 248 | Karen Roses Limited                 | Nairobi | Nairobi West District  |
| 249 | Tex Palace Limited                  | Nairobi | Nairobi East District  |
| 250 | Sanyati Limited                     | Nairobi | Nairobi East District  |
| 251 | Nairobi Golf Hotels (Kenya) Limited | Nairobi | Nairobi North District |
| 252 | Agro Manufacturing Company Limited  | Nairobi | Nairobi East District  |
| 253 | Styroplast Limited                  | Nairobi | Makadara District      |
| 254 | Nirma Kenya Limited                 | Nairobi | Langata District       |
| 255 | Biodeal Laboratories Limited        | Nairobi | Nairobi East District  |
| 256 | Specialized Power Systems Limited   | Nairobi | Langata District       |
| 257 | Software Technologies Limited       | Nairobi | Westlands District     |
| 258 | Runji And Partners, Consulting      | Nairobi | Westlands District     |
| 259 | Diamond Coffee Company Limited      | Nairobi | Nairobi East District  |
| 260 | Computer Pride Limited              | Nairobi | Starehe District       |
| 261 | Roto Moulders Limited               | Nairobi | Nairobi East District  |
| 262 | Tamarind Management Limited         | Nairobi | Langata District       |
| 263 | Park Lane Plaza Limited             | Nairobi | Nairobi North District |
| 264 | Veer Investments Limited            | Nairobi | Embakasi District      |
| 265 | Greenhills Investment Limited       | Nairobi | Nairobi North District |
| 266 | Shalimar Flowers Kenya Limited      | Nairobi | Nairobi North District |
| 267 | Malplast Industries Limited         | Nairobi | Embakasi District      |
| 268 | Clique Limited                      | Nairobi | Embakasi District      |
| 269 | Assets Managers Limited             | Nairobi | Nairobi North District |
| 270 | Smart Printers Limited              | Nairobi | Westlands District     |

|     |   |         |                        |
|-----|---|---------|------------------------|
| 271 | Institute Of Advanced Technology            | Nairobi | Westlands District     |
| 272 | Peak (East Africa) Ltd                      | Nairobi | Nairobi East District  |
| 273 | Nyoro Construction Company Limited          | Nairobi | Nairobi East District  |
| 274 | Kamongo Waste Paper Limited                 | Nairobi | Nairobi East District  |
| 275 | Ukwala Supplies Limited                     | Nairobi | Nairobi East District  |
| 276 | Dakawou Transport Limited                   | Nairobi | Nairobi East District  |
| 277 | Crystal Frozen & Chilled Foods Limited      | Nairobi | Kasarani District      |
| 278 | Polyphase Systems Limited                   | Nairobi | Westlands District     |
| 279 | Warren Enterprises Limited                  | Nairobi | Nairobi North District |
| 280 | Winchester Farm Limited                     | Nairobi | Langata District       |
| 281 | Universal Engineering Systems Limited       | Nairobi | Westlands District     |
| 282 | Specialised Hardware Limited                | Nairobi | Langata District       |
| 283 | Charleston Travel Limited                   | Nairobi | Westlands District     |
| 284 | Kids Camp Limited                           | Nairobi | Nairobi East District  |
| 285 | Trans - Business Machines Limited           | Nairobi | Westlands District     |
| 286 | Seal Honey Limited                          | Nairobi | Embakasi District      |
| 287 | Catalyst Chemicals Limited                  | Nairobi | Nairobi East District  |
| 288 | Travel Plaza Limited                        | Nairobi | Kasarani District      |
| 289 | Bahati Venture Limited                      | Nairobi | Nairobi West District  |
| 290 | Bussem Limited                              | Nairobi | Dagoreti District      |
| 291 | Vimit Converters Limited                    | Nairobi | Langata District       |
| 292 | Gibb Africa Limited                         | Nairobi | Westlands District     |
| 293 | Husseini Builders Limited                   | Nairobi | Nairobi East District  |
| 294 | Roshni Distributors Limited                 | Nairobi | Nairobi East District  |
| 295 | Bible Society Of Kenya                      | Nairobi | Langata District       |
| 296 | Undugu Society Of Kenya Registered          | Nairobi | Westlands District     |
| 297 | Windle International-Kenya                  | Nairobi | Westlands District     |
| 298 | Guru Nanak Ramgarhia Sikh Hospital          | Nairobi | Kasarani District      |
| 299 | Intern U For Conserv Of Nature & N Resource | Nairobi | Langata District       |
| 300 | Shelter Afrique                             | Nairobi | Nairobi East District  |
| 301 | The Salesians Of Don Bosco                  | Nairobi | Langata District       |

|     | Registered                                   |         |                        |
|-----|--|---------|------------------------|
| 302 | The Automobile Association Of Kenya          | Nairobi | Embakasi District      |
| 303 | The African Academy Of Sciences              | Nairobi | Langata District       |
| 304 | Food And Agricultural Research               | Nairobi | Westlands District     |
| 305 | Kenya Young Men's Christian Association      | Nairobi | Westlands District     |
| 306 | Insurance Training & Education Trust         | Nairobi | Nairobi East District  |
| 307 | World Wide Fund For Nature                   | Nairobi | Starehe District       |
| 308 | Toyota Kenya Foundation                      | Nairobi | Starehe District       |
| 309 | Premier Academy Charitable Trust             | Nairobi | Starehe District       |
| 310 | Parklands Sport Club                         | Nairobi | Starehe District       |
| 311 | Nairobi Securities Exchange Plc              | Nairobi | Nairobi East District  |
| 312 | Muthaiga Golf Club                           | Nairobi | Kasarani District      |
| 313 | Kenya Bankers (Employers) Association        | Nairobi | Dagoreti District      |
| 314 | Shree Cutchi Leva Patel Samaj                | Nairobi | Langata District       |
| 315 | Pathfinder International                     | Nairobi | Starehe District       |
| 316 | Agricultural Society Of Kenya                | Nairobi | Westlands District     |
| 317 | International Development Research           | Nairobi | Starehe District       |
| 318 | German School Society                        | Nairobi | Starehe District       |
| 319 | Mennonite Board In Eastern Africa            | Nairobi | Westlands District     |
| 320 | Scripture Mission East Africa                | Nairobi | Langata District       |
| 321 | Swedish School Association Of Kenya          | Nairobi | Dagoreti District      |
| 322 | Institute Of Certified Public Accountants Of | Nairobi | Nairobi East District  |
| 323 | East African Chains Limited                  | Nairobi | Nairobi East District  |
| 324 | Norkan Investments Limited                   | Nairobi | Westlands District     |
| 325 | Sheria Coop Savings Credit Society Ltd       | Nairobi | Dagoreti District      |
| 326 | Manhar Brothers (Kenya) Limited              | Nairobi | Nairobi West District  |
| 327 | Skf Kenya Limited                            | Nairobi | Westlands District     |
| 328 | The Heron Hotel Limited                      | Nairobi | Westlands District     |
| 329 | St Austins Service Station Ltd               | Nairobi | Nairobi West District  |
| 330 | Chai Co-Op Sav & Cr Ltd.                     | Nairobi | Starehe District       |
| 331 | Pan Pharmaceuticals Limited                  | Nairobi | Nairobi North District |
| 332 | Kenwest Cables Limited                       | Nairobi | Nairobi West District  |
| 333 | Thuthuma Limited                             | Nairobi | Nairobi East District  |

|     |  |         |                        |
|-----|--|---------|------------------------|
| 334 | Infusion Kenya Limited                 | Nairobi | Nairobi West District  |
| 335 | The Corner Shop Limited                | Nairobi | Westlands District     |
| 336 | General Industries Limited             | Nairobi | Nairobi East District  |
| 337 | Papyrus (Africa) Limited               | Nairobi | Westlands District     |
| 338 | Kenya Tents Limited                    | Nairobi | Kasarani District      |
| 339 | St. Christopher's Holdings Limited     | Nairobi | Langata District       |
| 340 | Furniture International Limited        | Nairobi | Nairobi North District |
| 341 | Kenya Bankers Sacco Society Ltd        | Nairobi | Westlands District     |
| 342 | Synresins Limited                      | Nairobi | Nairobi East District  |
| 343 | Wood Products (Kenya) Limited          | Nairobi | Nairobi East District  |
| 344 | J.F. Mccloy Limited                    | Nairobi | Embakasi District      |
| 345 | Rusinga House Limited                  | Nairobi | Westlands District     |
| 346 | Oriental Construction Company          | Nairobi | Westlands District     |
| 347 | Adsite Limited                         | Nairobi | Westlands District     |
| 348 | Brush Manufacturers Limited            | Nairobi | Nairobi East District  |
| 349 | Multi Packaging Limited                | Nairobi | Nairobi West District  |
| 350 | Kibwari Plc                            | Nairobi | Langata District       |
| 351 | Bizone Ltd                             | Nairobi | Nairobi North District |
| 352 | Nairobi Toys House (K) Ltd             | Nairobi | Westlands District     |
| 353 | Nairobi Kitchen Care Limited           | Nairobi | Nairobi East District  |
| 354 | Impala Auto Spares Limited             | Nairobi | Nairobi East District  |
| 355 | Nacico Co-Operative Savings And Credit | Nairobi | Nairobi East District  |
| 356 | Bimeda Limited                         | Nairobi | Nairobi East District  |
| 357 | Sunripe (1976) Limited                 | Nairobi | Nairobi East District  |
| 358 | Hansels Ltd                            | Nairobi | Nairobi North District |
| 359 | Friendship Investments Limited         | Nairobi | Nairobi East District  |
| 360 | Ramco Hardware Limited                 | Nairobi | Nairobi East District  |
| 361 | Private Safaris (East Africa) Limited  | Nairobi | Nairobi East District  |
| 362 | Triad Architects Limited               | Nairobi | Nairobi North District |
| 363 | Cosmos Limited                         | Nairobi | Makadara District      |

|     |  |         |                        |
|-----|--|---------|------------------------|
| 364 | Lyric Investment Limited               | Nairobi | Westlands District     |
| 365 | Old Mutual Investment Group Limited    | Nairobi | Langata District       |
| 366 | Ncr (Kenya) Limited                    | Nairobi | Nairobi West District  |
| 367 | The Regal Press Kenya Limited          | Nairobi | Langata District       |
| 368 | Welding Alloys Limited                 | Nairobi | Nairobi East District  |
| 369 | African Liason And Consultant Services | Nairobi | Westlands District     |
| 370 | Sciencescope Limited                   | Nairobi | Nairobi East District  |
| 371 | Zenith Steel Fabricators Limited       | Nairobi | Nairobi East District  |
| 372 | Oil Seals And Bearing Centre Limited   | Nairobi | Nairobi East District  |
| 373 | Auto Ancillaries Limited               | Nairobi | Nairobi East District  |
| 374 | Bawan Limited                          | Nairobi | Nairobi East District  |
| 375 | Kirloskar Kenya Limited                | Nairobi | Makadara District      |
| 376 | Eagle Industries Limited               | Nairobi | Nairobi North District |
| 377 | Avenue Car Hire And Leasing Limited    | Nairobi | Starehe District       |
| 378 | Summit Textiles (E.A.) Limited         | Nairobi | Nairobi East District  |
| 379 | Norfolk Towers Limited                 | Nairobi | Westlands District     |
| 380 | Supersleek Limited                     | Nairobi | Nairobi East District  |
| 381 | Bingwa Distributors Limited            | Nairobi | Kasarani District      |
| 382 | Gopitech (Kenya) Limited               | Nairobi | Nairobi East District  |
| 383 | Manchester Outfitters Limited          | Nairobi | Embakasi District      |
| 384 | Silafrica Kenya Limited                | Nairobi | Nairobi East District  |
| 385 | Nairobi Timber Projects Limited        | Nairobi | Nairobi East District  |

## Appendix IV: Research letter

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|--|---|
| <br>Kenya School of Revenue<br>Administration |  <b>KENYA REVENUE<br/>AUTHORITY</b><br>ISO 9001:2015 CERTIFIED |
|--|---|

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REF: KESRA/NRB/028

3<sup>rd</sup> September, 2019

TO WHOM IT MAY CONCERN

**RE: MARY WANJIRU NGOIRI - REG. NO. MU/KESRA/0193/2016**

This is to confirm that the above named is a student at Kenya School of Revenue Administration (KESRA) Nairobi Campus pursuing Masters in Tax & Customs Administration.

The named student is undertaking Research on "Factors influencing adoption of alternative dispute resolution in tax management: A case study of medium taxpayers in Nairobi County, Kenya."

The purpose of this letter is to request your good office to assist the above student with the information to enable him finalize his project.

Thank you.

  
 Dr. Marion Nekesa PHD,  
 Head, Research  
KESRA



**KENYA SCHOOL OF REVENUE  
ADMINISTRATION (KESRA)  
P.O. BOX 30332 - 00100  
NAIROBI**

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P. O. Box 48240 – 00100, Nairobi    Email: [kessatrainina@kra.go.ke](mailto:kessatrainina@kra.go.ke)    Tel: +2547158773579

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|---|----------------------------------|---|
|  | <i>Tulipe Ushuru Tujitegeme!</i> |  |
|---|----------------------------------|---|

