

**FACTORS AFFECTING THE PERFORMANCE OF THE BLOCK  
MANAGEMENT SYSTEM IN MOMBASA**

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POSTGRADUATE DIPLOMA IN TAX ADMINISTRATION OF THE JOMO  
KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY.**

**NOVEMBER, 2020**

**DECLARATION**

This research project is my original work and has not been presented for any award in any academic or non-academic institution.

.....

Signature

Date

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**HDB 336-C016-7330/2016**

This research project has been submitted for examination with my approval as the Supervisor.

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## **DEDICATION**

I dedicate this research project to my loving parents, my wife and my fellow classmates without whom it was impossible for me to complete my classwork and project.

## **ACKNOWLEDGEMENT**

I would like to express my sincere gratitude to the Almighty for giving me strength and chance to accomplish this task. My sincere thanks go to my loving parents, wife and siblings for unwavering support they accorded me throughout my study. Special thanks go to my supervisor Mr. Sululu for the immense support and continuous motivation throughout the project. I am particularly grateful for his commitment and cooperation. Finally, I would like to thank Kenya School of Revenue Administration and the lecturers who enriched me with the knowledge and supported me morally during the entire period of study.

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## **LIST OF ABBREVIATIONS**

<b>EOI</b>	Exchange of Information
<b>KRA</b>	Kenya Revenue Authority
<b>OECD</b>	Organization for Cooperation and Economic Development
<b>SMEs</b>	Small and Medium Enterprises
<b>BMS</b>	Block Management System
<b>HRM</b>	Human Resource Management

## DEFINITION OF TERMS

<b>Block Management System</b>	Block management system is a tax administration reform instrument designed to enhance taxpayer compliance by simplifying the tax process which minimizes the compliance cost and by following up taxpayer's closer and delivering services and support from a nearby location (Ssempogo, 2017)
<b>Staffing</b>	Refers to the population of employees assigned tasks within the organization (Angles, 2017)
<b>Small and Medium Enterprises</b>	Refers to businesses that are not usually captured in the tax bracket due to their size of economic activity (Roostika, 2019)
<b>Revenue Collection</b>	Refers to the funds received by any government tax agency (Gitaru, 2017)
<b>Transport Systems</b>	Refers to the equipment and logistics of carrying passengers and goods (Dhillon, 2007)
<b>Technology</b>	Technology includes machines, systems, implements and the skills by which we design and use them (Bailetti, 2012)

## **ABSTRACT**

The interaction between taxpayers and the revenue administration contributes towards tax compliance. Different strategies have been used to enforce tax compliance including penalties and fines for deterrence. Unfortunately, such strategies are not effective for combating tax evasion amongst some taxpayers. Such taxpayers fail to comply with tax obligations due to lack of information or awareness regarding taxation. Subsequently, the block management system offers an alternative strategy for improving tax compliance. This research therefore focuses on finding out the factors that affect the performance of block management system in Mombasa. The specific objectives were as follows: To find out the effects of staffing on performance of block management system; To find out the effects of transportation systems on performance of block management system in Mombasa; and to find out the effects of technology on performance of block management system in Mombasa. This study examined the following theories; Expectancy-disconfirmation theory, Technology acceptance model and Staffing theory. The research adopted a descriptive research design targeting a population of 364 tax officers and managers in the domestic tax department. A stratified random sampling approach was adopted in the study where the population was divided into different stratum; Managers and Officers. The data was collected using questionnaires and then analyzed using SPSS Version 23. Descriptive statistics of mean and standard deviation were also used to analyze the collected data. The analyzed data was then presented in form of tables and figures. Descriptive and inferential statistics were used to deduce findings. Inferential statistics were also used in the research and established that the three independent variables have a positive association with the dependent variable of block management performance. The multiple regressions statistic was utilized for analysis and it was established that Staffing, transport system and technology have positive effect on block management performance. From the findings, the study recommends that technology is vital with regards to the performance of the block management system in Mombasa. It was recommended that further studies be carried out on other variables such as knowledge and skills requirement that affect the performance of block management system.



## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background of the Study

Block management system serves as a tax administration tool that is designed to advance the level of compliance by taxpayers through simplification of the tax process. The simplification of the tax process brings down the cost of compliance by following taxpayers in a closer manner while offering services close by. Block management system is designed to manage the affairs of taxpayers including individuals, SMEs, which conduct business in manageable blocks. The objective of the block management system is the identification and facilitation of quick registration of new taxpayers coupled with close monitoring of their activities (Heinemann & Kocher, 2013).

Subsequently, the block management system aids the revenue organization to meet the requirements of taxpayers promptly and further enhance expansion of the existing tax base in a both qualitative and quantitative manner. Moreover, the block management system facilitates the collection of targets among the small taxpayers or individuals within particular blocks. The block management assists in fighting tax evasion by preventing under-declaration of the different business transactions. Furthermore, the block management system has played a key role in heightening tax compliance within the informal sector. The block management system is a significant tax administration reform tool that is designed with a view of enhancing taxpayer compliance. The system is designed to simplify tax process which further reduces compliance cost. Through the system KRA can undertake a close follow-up on the taxpayers within an area while delivering vital services and support (Kariuki, 2013). Block management system can be described as a system that manages tax affairs of individuals, and SMEs by demarcating the locations where they conduct business operations into manageable blocks

The block management system aids in meeting taxpayers' requirements and enhances expansion of the tax base in a qualitative and quantitative manner. Block management system facilitates the setting up of collection targets especially for small taxpayers. The block management system has been introduced in Uganda by the revenues administrator. The domestic tax department for Uganda Revenue Authority introduced the Block management system within Kampala. The central business district of the city was divided into thirteen blocks demarcated through streets. Each block was assigned a supervisor and sufficient staff members depending on the economic activity within each block (Ssempogo, 2017). In each block the

revenue authority staff manages the tax compliance of the taxpayers on a daily basis. The blocks are small enough to allow daily visits by the tax officers.

The block management system in Uganda has allowed the revenue authority to bridge the gap between taxpayers and the authority. Apart from Uganda, the block management system has been used in different countries including Tanzania, Mauritius and Zimbabwe (Chalu & Mzee, 2018).

The Tanzania Revenue authority adopted the block management system with a view of enhancing tax compliance by SMEs and enhancing government revenue while deterring tax evasion. The use of the system in such nations has heightened tax compliance coupled with enhanced use of technology. Traders in the informal sector have adopted electronic billing system that assist the businesses improve sales and manage their inventory easily. Proper implementation of the block management system prevents under-declaration of the sales turnover and profits of the businesses. Moreover, businesses in the informal sector have improved in performance and the level of satisfaction of the business owners has improved. Moreover, the use of block management system has allowed the revenue authority to enhance the relationship with taxpayers present in the different blocks.

Kenya Revenue Authority is an organization that was created through an act of parliament and its main mandate is the collection of revenue for the Kenyan national government (Kinyua, 2019). KRA decisions and activities are guided by the board appointed by the President. The board of KRA develops policies for the organization while the commissioner general appointed by the President runs the daily activities of the organization. KRA is a large organization with a significant workforce distributed to different parts of the country. KRA undertakes block management system in the collection of different revenues. One area is the collection of rental income from landlords. KRA officers gather information on landlords through the block management system. Some of the duties of KRA officers under the block management include visiting taxpayers to gather information, analyse taxpayer data and facilitation of tax returns filling. Moreover, block management system involves following up on debt payments, assist taxpayers use iTax. The main elements of the block management system include field visits, compliance management, and collection enforcement.



## **1.2 Statement of the Problem**

Successful revenue collection agencies require keeping in touch with the taxpayers. A close relationship with taxpayers can improve the revenue collection through enhanced compliance. Block management system is a form of tax administration reform policy tool that is designed in a manner that allows tax officers to monitor and interact with a set number of taxpayers on a daily basis. Budgetary shortfalls for the national government are influenced by the level of tax compliance within the country. In 2017 the OECD reported that developed nations regularly raise tax revenue above 35% of the GDP. On the other hand, developing nations such as Kenya collect tax in the range of 15-22% of the GDP (Magashula, 2009). Revenue systems that gather information from taxpayers' benefit from higher collections. Efficient performance of the block management system is essential for revenue collection growth.

Previous research by Wasao (2014) have all focused on the general changes that are required within the tax administration structures. Subsequently, the focus has been on tax rates, tax incentives and the use of electronic tax systems. Research has not been specific enough to focus on block management systems that offer closer interaction with the tax payer. On the other hand, Ebimobwei and Wosowei (2016) researched on revenue administration but did not explore how to improve tax compliance through block management system. Block management system is a novel strategy in the tax administration sector and its potential is enormous. The challenge of meeting revenue targets can be managed through introduction of more diverse tax administration strategies. Besides, other researchers have focused on tax laws as a method or reviewing the tax compliance. Consequently, little research has been undertaken to guide tax administrators regarding the implementation of block management system.

Poor administration coupled with failure to undertake collection of tax revenues affect the level of compliance in a negative manner. There is reduced capacity of tax monitoring and control for the SMEs and informal sector in Kenya and this requires change in policy since tax penalties are not sufficient to ensure compliance of the taxpayers. The main problem arises from the implementation and performance the block management system. Numerous studies have explored the tax administration policies that enhance tax compliance (Swistak, 2016). The studies failed to explore the performance of the block management system as a form of tax administration policy. No studies have explored the factors that contribute successful performance of the block management system. Therefore, this research seeks to fill the knowledge gap by studying factors that affect the performance of block management system within Mombasa. Moreover, the research will seek to fill the gap in knowledge regarding block

management systems and inform tax policy makers on the best way to implement block management system.

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

This study has one general objective and three specific objectives:

#### **1.3.1 General Objective**

To establish the factors affecting the performance of block management system in Mombasa.

#### **1.3.2 Specific Objectives**

The study aimed at achieving the following specific objectives;

- (i) To find out the effect of staffing on performance of block management system in Mombasa.
- (ii) To find out the effect of transport on performance of block management system in Mombasa.
- (iii) To find out the effect of technology on performance of block management system in Mombasa.

### **1.4 Research Questions**

This research will aim to answer the following questions;

- (i) What is the effect of staffing on the performance of block management system in Mombasa?
- (ii) What is the effect of transportation on the performance of block management system in Mombasa?
- (iii) What is the effect of technology on the performance of block management system in Mombasa?

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

Theoretically, the research would provide knowledge and guidance on the benefits and challenges arising from the performance of the block management system. This would offer lessons to be learned by revenue administrators and KRA policy makers. Secondly, the study would provide insight into alternative policies to tax administration as a method of improving tax compliance within the SMEs and informal sectors in Mombasa.

## **1.6 Scope of the Study**

The scope of the study was to research on how staffing levels, transport systems and technology affect the performance of the block management system in Mombasa. The study focused on the domestic tax department operations and policies of tax officers within the Kenya Revenue Administration. Moreover, the researcher spent twelve months working on the study between the months of October 2019 and September 2020.

## **1.7 Limitations of the Study**

The limitations of this study included shortages of funds and limited time. The researcher overcame the shortages of funds by coming up with a budget in line with the funds at hand. The limitation of time for conducting the research overcame by working within the stipulated time. Furthermore, the privacy and confidentiality of the tax officers and respondents were treated with utmost respect and kept in safe custody. The data collected for this study were used for academic purposes only.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

The following section of the research will present the findings of other published literature that correlate with the current study. The areas covered under this section include empirical review, theoretical framework and a summary of the research literature. A research gap establishing this study will also be identified in this chapter.

#### **2.2 Theoretical Review**

The theories examined under this section are Expectancy-disconfirmation theory, Technology acceptance model, and Staffing theory.

##### **2.2.1 Staffing Theory**

According to Bebenroth and Pascha (2011) the staffing theory is a form of social psychology model that examines the effects of behavioral settings of staffing. The core focus is the issue of overstaffing and understaffing. Understaffing features a situation with few and not enough workforce for a particular job. On the other hand, overstaffing involves overabundance of workforce for the available jobs. The theory posits that when there are fewer individuals available for particular behavioral settings then there is significant pressure on the individuals to take up responsibilities. The number of staff and the tasks handled should match in order to attain maximum productivity. There is significant pressure on the individual when the tasks assigned appear overburdening and this affects their level of productivity.

The theory posits that overstaffing increase leads to a reduction in the amount of responsibility held by each individual within the organization (Bebenroth & Pascha, 2011). It is imperative to maintain a balance between the tasks available and workforce in order to ensure motivation levels are high enough. Subsequently, the organization leadership must ensure that there is a good balance between the staff numbers and what the environment provides for in the organization. Too many tasks can overwhelm the individual to a point where they do not undertake any meaningful progress. Subsequently, when implementing the block management system, the organization must identify the challenges in the system and allocate enough staff members who can handle the tasks arising. In this regard the theory is applicable to the current study as it offers knowledge on how to manage the challenge of staffing based on the available tasks.

### **2.2.2 Expectancy Disconfirmation Theory**

The theory of Expectancy disconfirmation has emerged as a significant model for explaining the level of citizen satisfaction within the public sector (Morgeson, 2014). The theory posits that every citizens level of satisfaction is a result of objective performance within the government service structure coupled with the implicit expectation of performance by the same agency. For example, if the expected performance of a service exceeds the initial expectations then it results in positive disconfirmation that leads to satisfied citizens. Consequently, it can be said that varying expectations of the performance of the agencies in the public service plays a crucial role in explaining the differences in the satisfaction level of the citizens. The theory was derived as a method for explaining customer decision-making. The theory has been applied in public service management to better understand the relationship between customers and public service agencies.

There are several linkages that manifest within the model including effect of perception of performance on the level of citizen satisfaction. The second form of linkage predicts the direct effect of customer expectations on satisfaction (Morgeson, 2014). Expectations can have a positive direct impact on the satisfaction of the customer since individuals utilize their expectations as the baseline of forming a particular judgment regarding government service. The third link is disconfirmation where higher expectations bring down the probability of positive disconfirmation but raise the likelihood of negative disconfirmation. Positive disconfirmation brings about higher satisfaction while negative disconfirmation contributes towards positive disconfirmation. The theory correlates with the current study as it provides insight on the impact of block management system on tax compliance.

### **2.2.3 Technology Acceptance Model**

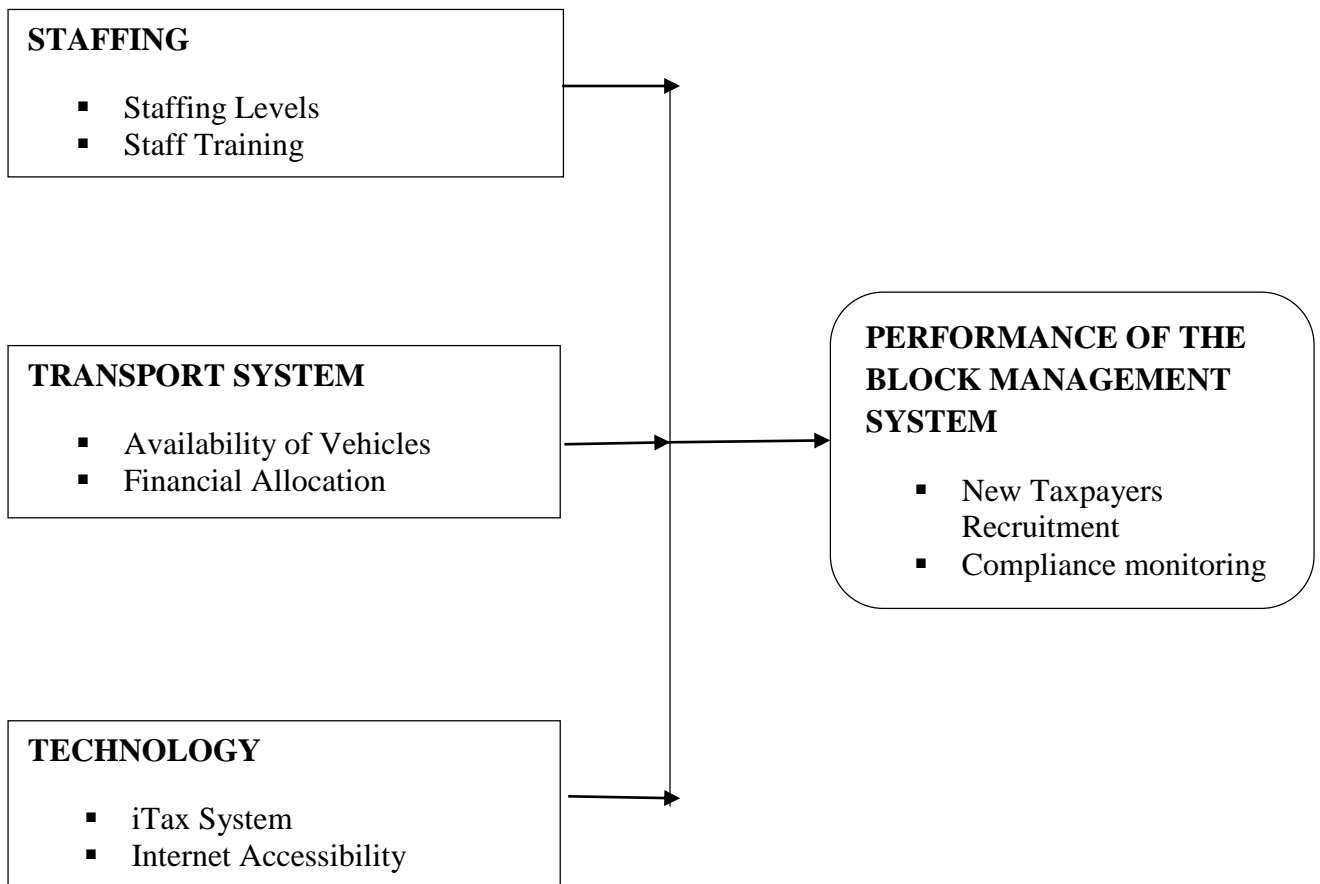
Davis (1986) developed the model, as one that can be used for predicting the use of information system platforms and its acceptance. The theory has been used for explaining the individual's acceptance for mobile technology devices. The theory was developed with a view of explaining the rationale that guides and explains the user's acceptance or rejection for the different information technology systems that users encounter. Subsequently, through the model one can provide a basis as to how different external variables can influence the attitude, belief and intention for using an information system platform. Individuals are more likely to adopt given technology easily once they have become exposed through their peers and acquaintances. The theory provides for two cognitive beliefs which include perceived ease of use by a person and usefulness.

The theoretical model provides that the use of a particular technological system depends on behavioral intentions of the users. On the other hand, the theory provides that external variables including social factors, political and cultural factors can influence the perceived ease of use coupled with perceived usefulness (Surendran, 2012). The theory is applicable to the current research as it offers insight into how tax officers responsible for block management system can utilize information systems successfully. The use of technological devices is essential in the block management system as it allows the tax officers to undertake efficient daily operations within their tax blocks.

### **2.3 Conceptual Framework**

A conceptual framework is a written or visual presentation of what the researcher intends to study (Gitaru, 2017). It seeks to show the existing relationship between the dependent and independent variables and reflects the expectations.

The conceptual framework of this research was to establish factors affecting the performance of the block management system in Mombasa. The project, at the outset of its implementation, has identified tasks to be accomplished to improve on the performance of the Block Management System in the study area. These include staffing levels, staff training, availability of vehicles, financial allocation, new taxpayer's recruitment and compliance monitoring. Putting these into consideration, the researcher has developed the following conceptual framework of the study.



**Independent Variables**

**Dependent Variable**

**Figure 2.1 Conceptual Framework**

## **2.4 Review of Variables**

### **2.4.1 Staffing**

Phillips & Gully (2015) asserts that organizations need to have enough workforce to undertake the core operations efficiently. The staff numbers are vital to ensure efficient operations. Moreover, the staff needs to be provided with the required tools and resources in order to succeed in their work. The firm's resources should support the core activities undertaken by workplace. The staffing levels within the revenue organization correspond with the strategy employed by the organization. A good staffing level in the revenue organization heightens the effectiveness of the tax administration. The skills and competencies of the staff are integral to success of the strategies set up by a revenue administration.

Effective staffing is all about having the right numbers of the right people, in the right place at the right time. It is not just a matter of having enough staff, but also ensuring that they have suitable knowledge, skill and experience to operate safely. The analysis of staffing levels is closely related to several other topics such as workload, organizational change, supervision, competence, interface design and fatigue.

As companies reduce staffing levels in order to respond to global economic conditions, there is a danger that individuals become overloaded, and that stress and occupational ill health could result. Insufficient staffing levels will have a detrimental impact on a range of health, safety and performance outcomes. The key principle is that staffing decisions should be made on a sound rational basis, rather than arbitrarily in order to reduce costs, without assessing the implications on health and safety.

According to Njuguna (2015) there is need for organizations to have adequate staffing for undertaking broad reforms. Identification of training needs involves analysis of corporate team, occupational and individual needs to acquire new skills or knowledge or to improve existing competence. The analysis is partly concerned with defining the gaps between what's happening and what should happen. This process can be done through; Job Analysis: - Involves examining in detail the content of a job, output and knowledge, skill and competency needed to perform the job completely, thus meet the performance standards desired. The outcome of a job analysis should be training specification.

Moreover, adequate training ensures proper communication coupled with data exchange between departments which is essential for realization of objectives. The staffing levels for an efficient block management system are crucial to ensure that the strategy is effective. Tax officers must build relationship with taxpayers and this requires regular interactions. Such



interactions can only be successful when the tax officers have enough training on how to ask questions and seek assistance.

#### **2.4.2 Transport System**

Transportation systems can affect the success of organization strategy and operations (Laiou and Yannis, 2019). The transportation system provides mobility and accessibility for individual employees. The top management of the organization must engage to ensure that vehicles are available to facilitate movement of individuals. Strategic operations and the core activities of the organization must be supported through an elaborate transport system. Subsequently, Financial allocation to the transport system is essential for the proper undertaking of core operation activities.

Transportation systems involve coordination of different functions and services. Subsequently, core resources required for an efficient transportation system includes vehicles (Mohammed and Hicham, 2018). Revenue administrators utilize some key resources to undertake daily activities and these include transport services. The tax officers need to move around in order to visit the taxpayers in different locations. On the other hand, the tax officers require mobility and accessibility in order to interact comprehensively with tax payers.

Mohammed and Hicham (2018) assert that it is imperative for revenue organization to develop appropriate infrastructure that will help with collection of big data from SMEs. The tax officers handling block management system need to have supported infrastructure that allows them to reach the taxpayers on a daily basis. It is imperative to provide the tax officers with appropriate tools and resources for undertaking revenue administration.

In government institutions, vehicles spend varying times undergoing maintenance or repair, the number available will tend to vary constantly throughout the day. The most relevant time for ascertaining vehicle availability is at the time of peak vehicle requirement, and it is appropriate to record the number of vehicles available at this time each day, and to calculate the average over a period, such as a week or a month (Laiou and Yannis, 2019). This is important in determining the appropriate time for visiting the taxpayers in blocks far away from the organization.

Employee morale is rarely talked about in discussions of fleet availability. Its impact has varying degrees of intensity that are extremely difficult to measure and quantify. Employees who harbor a feeling of insignificance or believe they are in a thankless job will obviously perform poorly. Lack of recognition and participation in the departmental decision-making process only compounds the issue.

### **2.4.3 Technology**

Information systems are essential in every organization daily operation. The system that is used includes software, database and telecommunication systems (Maisiba & Atambo, 2016). The technological system is used in the tax revenue administration to heighten the efficient operations and compliance. The technological systems such as computer database and websites can be used to gather, analyze and distribute essential information to the tax administrators concerning the SMEs. The integration of technology systems in tax revenue administration helps improve information sharing, reducing waste in value chains, better monitor demand for certain products and place orders.

iTax is a computer based application system that furnishes a fully-integrated and automated solution for administration of government revenue enhancements. iTax requires the use of technology (computers and smart phones) to access it. The benefits of an iTax system over submitting manual returns to the tax authorities are that the returns are uploaded directly to the system with negligible possibilities of errors because the system would not allow an upload with an omission or error in any field 9 of the excel form. iTax is more advantageous than manual filing due to its secure features (Malonza, 2016). Malonza (2016) investigated the factors that influence the intention to use government service among Malaysians and found that taxpayers are able to complete filing of tax returns faster and timely if the governments provide a more user-friendly on-line tax filing system.

ICT continues to be one of the most important enablers of effective tax revenue performance as it works to stabilize the internet to avoid downtime, and helps attain higher efficiency and deliver the services to customers in a timely manner. The iTax platform system was introduced as an automated solution to tax administration challenges (Kabaka, 2019). The information system platform enables registration of taxpayers and filling of returns while also enabling monitoring of individual accounts. The platform is meant to simplify taxation processes and heighten compliance.

The success of tax administration is heavily dependent on how efficient the relevant systems are. Governments all over the world have embraced technology as the key driver of government operations. Maisiba & Atambo (2016) spoke of the need to integrate emerging trends into our systems. Furthermore, the value of big data and cloud computing in information management and how KRA can use the data in their possession to monitor compliance. The issue of land also came up and how spatial data systems have helped in identifying geographic locations anywhere on earth. This will help in knowing the locations of various businesses. Additionally, KRA was urged to seek public-private partnerships with different companies and organizations

in the private sector especially companies that could help provide technological solutions and infrastructure needed while also helping with the deployment and integration.

#### **2.4.4 Performance of Block Management System**

The objective of the block management system is to identify and further facilitate the easy registration of any new taxpayers. Moreover, the system helps in monitoring the activities of the taxpayers and their operations. The performance of the block management system enables the revenue agency to meet the requirements of taxpayers promptly. Furthermore, it allows one to set the appropriate collection targets among small taxpayers and individuals within particular blocks. The block management system supports taxpayers in the informal sector by physical identification and mapping of their residence (Ssempogo, 2017). The different businesses within blocks are identified by the type of business, economic segment and geographical area. Subsequently, revenue authority officers move from door to door in order to visit the taxpayers. Consequently, the revenue officers are able to identify late-filers and those who do not file their returns and pay taxes. The block management systems are effective to the revenue organization through collection of information regarding taxpayers. Subsequently, the successful implementation of the block management system contributes to enhance revenue collection and compliance. Moreover, the implementation of the block management system allows revenue organisations to adapt and improve systems based on the information they receive from the taxpayers (Ssempogo, 2017). The different tax blocks are mandated to undertake operations of key functions including registration, assessment, accounting and collection.

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

A research by Thiga and Muturi (2015) undertook analyzed the factors that put influence on compliance with the existing tax laws among SMEs in Kenya. The goal of the study was to explore tax understanding, rates, penalties and fines, cost of compliance on the overall rate of tax compliance. A sample chosen for the study comprised of 400 taxpayers from Kiambu County. Thiga and Muturi (2015) recommended KRA to implement tax incentives so as to encourage the existing taxpayers to pay their share of tax and further attract more investors and thereby heighten level of compliance. The research by Maseko (2014) concluded that the rates of tax and compliance costs contribute greatly to the level of tax compliance.

Ebimobowei and Wosowei (2016) explored the effect of an electronic tax system for revenue collection efficiency in Nigeria. The research sought to establish the impact of electronic payment on the efficiency of the revenue collection in the Country. The case study undertook

a survey method of collecting data from 102 sample respondents. The analysis of data revealed that most respondents concur with the idea the revenue administrator has a reliable electronic system. On the other hand, the respondents reported difficulties in the use of the system due to limited computer knowledge and technical factors.

Wasao (2014) undertook a research study on the impact of online tax system on the tax compliance rate among small business in Nairobi. The main objective of the study was to find out impact of online filing system to the level of tax compliance. The research used quantitative and also descriptive methods for the research. Structured questionnaires were used in data collection process among 160 respondents in the tax district. The study used SPSS v20 for analysis and tables and graphs were used for illustrating the data. The study found out that online systems have reduced impact on small taxpayer's compliance levels. The research recommended more studies that will encompass impact of online systems on compliance levels in the minerals sector.

The study by Muturi & Kiarie (2015) on the factors that influence adoption and utilization of itax system among Large Taxpayers in Kenya, the skills required by the itax system users and the preparedness of the authority to adopt the tax system found out that for itax system to be effectively implemented in Kenya, skills, infrastructure and a conducive environment for carrying out business must be provided.

Munyeki and Olweny (2016) in their study on how tax knowledge and tax remission laws affect tax remittance behavior of SMEs in Uasin Gishu County in Kenya found that SMEs are subjected to high tax remission burdens due to cut throat competition and different business conditions from large companies. It was also established from the study that tax fairness and tax service quality affect their tax remission decisions. The study finally established that tax laws had a negative correlation with tax remittance.

Research on factors that affect tax compliance among small and medium enterprises in North Central Nigeria by Atawodi and Ojeka (2012), found that high tax rates and complex filing procedures are the major factors causing non-compliance by SMEs. Furthermore, the study found that double taxations and lack of awareness amongst the SMEs impacted greatly on the tax compliance. Thus, the study recommended that for the survival of the SMEs in a competitive environment, lower rates of tax should be leverage by the tax authorities.

## **2.6 Critique of the Existing Literature Relevant to the Study**

The different researchers have explored the concept of tax administration with emphasis on infrastructure and enforcement. Laiou and Yannis (2019) assertions that transport systems can affect performance of organizations are accurate as it correlates with efficient use of resources within the entity. Non-compliance is a significant challenge to the limitations of tax administration and the corresponding performance of the revenue collection system. The level of compliance is different between jurisdictions. Moreover, the level of compliance differs between taxpayers. Some taxpayers undertake involuntary non-compliance due to lack of knowledge and interaction with the tax officers. A close relationship between the taxpayer and the tax administrator enhance the compliance level. The different researchers have explored tax compliance measures that target the conventional tax administration policies. Policy change requires external information regarding the taxpayer as this heightens revenue collection processes.

Mohammed and Hicham (2018) highlight the significance of developing appropriate supportive infrastructure in a revenue collection organization such as the KRA. The research does not expound on the particular infrastructure that is required within a revenue organization. The block management system supports taxpayers in the informal sector by physical identification and mapping of their residence (Ssempogo, 2017). Moreover, the research supports the notion that a robust block management system helps with collection of data from the SMEs. Subsequently, information systems are essential in every organization daily operation (Maisiba & Atambo, 2016). Research undertaken by Maisiba & Atambo (2016) correlates with of Mohammed and Hicham (2018) on the need for essential resources in a revenue collection organization.

## **2.7 Research Gap**

There are various studies that have been undertaken with a view of determining the factors that influence tax compliance. Thiga and Muturi, (2015) failed to provide insight on new methods for heightening tax compliance among SMEs and established that tax rates and compliance costs serve as the contributing aspect for tax compliance. Wasao, (2014) linked tax knowledge with tax compliance levels within the informal business sector. Ebimobowei and Wosowei, (2016) established that tax compliance among the small businesses requires targeted focus by the tax administrators. The studies failed to explore the performance of the block management system as a new method for heightening tax compliance among SMEs. Therefore, this research

sought to fill the knowledge gap by studying factors that affect the performance of block management system within Mombasa.

## **2.8 Summary**

The studies explored in the chapter provide insight into the influence of different factors on block management systems. The theories examined in the current section include expectancy disconfirmation theory, technology acceptance theory and staffing theory. The studies explored in the section have focused on block management systems and the traditional policies that guide compliance. The research on block management is limited as a solution to the challenge of noncompliance.

## CHAPTER THREE

### RESEARCH METHODOLOGY

#### 3.1 Introduction

The current section of the paper seeks to elucidate the process used for collection and analysis of data in order to attain objectives. The aspects discussed in this segment include research design, population of target, procedure for sampling, data instruments and procedures.

#### 3.2 Research Design

The descriptive research design was applied to the current research as it will assist the researcher understand the feature of the block management system. This approach is preferred because the subject is being observed in a completely neutral and unchanged natural environment. This research design involves developing a blue print for fulfilling objectives and answering questions for the study. Duong and Davier (2012) indicated that descriptive research is important because it acts as a pre-cursor to quantitative research and the general overview gives some valuable pointers as to what variables are worth testing quantitatively. Descriptive survey design has been used in other studies. Descriptive research design has been used for investigating the level of compliance among the SMEs.

#### 3.3 Target Population

This is a set of objects, individuals or group exhibiting common observable characteristics. It therefore comprises of the units to be used for generalization of the findings or outcome of the survey (Warrens, 2015). In our case, the target population will be the tax officers within the domestic tax department who interact with the SMEs within Mombasa region. The population of tax officers targeted is 364 employees according to the information obtained from the Human Resource Department, Southern region (KRA HR, 2019). These employees work in different offices within the department. The researcher chose Kenya Revenue Authority, Southern region since it provides easy accessibility.

**Table 3.1: Population**

<b>Domestic Tax Department Employees</b>	<b>Population</b>
Employees in DTD	364
<b>Total</b>	<b>364</b>

### 3.4 Sampling Frame

Warrens (2015) defines a sampling frame as the set of source materials from which the sample is selected. A sampling frame is used to provide a means for choosing the particular members of the target population from whom the data will be obtained. The study sampling frame will include a list of all employees that work at Kenya Revenue Authority- Domestic tax department, Mombasa at the time the study is being carried out, obtained from the HRD Southern region. Furthermore, in order to get relevant data, the respondents will be divided into two strata of management employees and non-management level staff.

**Table 3.2: Sampling Frame**

<b>Domestic Tax Department Employees</b>	<b>Population</b>
Managers	59
Officers	305
<b>Total</b>	<b>364</b>

### 3.5 Sample and Sampling Technique

Stratified random sampling approach was adopted in the study, where the population is divided into different stratum; Managers and Officers. The study population consisted of officers working at the Domestic tax department. The researchers will use Slovin’s formula to compute the sample size.

$$n = \frac{N}{1 + N(e)^2}$$

**n** = sample size,

**N**= population size,

**e** = level of precision. 95% level of confidence was used which gives  $p = 0.05$  chance of deviation from the actual. The equation is therefore;

$$n = \frac{364}{1 + 364(0.05)^2}$$

**n** = 191.



### **3.6 Data Collection Instruments**

Questionnaires are relatively easy and economical method for collection of primary data (Pandey and Pandey, 2015). The researcher will first obtain the letter of introduction before conducting a pilot study. After conducting the pilot study, permission for data collection for the actual study from Domestic tax department will be sought. The respondents will be informed about the purpose of the study before questionnaires were delivered to them. Afterwards, the research questionnaires will be delivered and distributed in person to the participants, and collected immediately, once duly filled. Respondents who will not be able to provide data promptly will be given a two weeks' duration within which the questionnaires can be filled up.

### **3.7 Data Collection Procedure**

In order to get approval to administer the questionnaire to the respondents, consent will be sought from the organization. Data collection will be conducted after validation of the research instrument. A letter of introduction obtained from KESRA will be used in order to get consent from Domestic taxes department to collect the data. The structured questionnaires will be administered to the study respondents through the personnel depart and collected after two weeks. Moreover, interview method of data collection will be employed especially when collecting information from the managers.

### **3.8 Pilot Testing**

In order to test whether the questionnaire is sufficient for obtaining data for the study, it will be undertaken through a pilot test. This will involve administering the developed questionnaire to a representative number of the study respondents. This will help determine its validity and reliability. A pilot study will be used in pre-testing the research instrument (Cooper & Schindler, 2014). The sample size appropriate for the pilot test is normally 10% of the total number of respondents (Leung, 2015).

#### **3.8.1 Validity**

Reliability is the scale or instrument of measurement that is consistent with its result. It means if any test is taken using any instrument for a particular subject and the result of the test will be similar in every attempt then it will be considered as reliable. Reliability is more concerned with the consistency and the stability of the test result (Bryman & Bell, 2015)

### 3.8.2 Reliability

Validity is the instruments or scale by which one can measure the outcomes of a certain research hypothesis about how strong the outcomes are. With the help of validity, one can answer the question such as are we right about the research methodology or the outcomes. Validity is more concerned whether the measure has been done with the right concept or not (Bryman & Bell, 2015).

### 3.9 Data Analysis and Presentation

Data Analysis will involve the coding, correction and summary of the collected data to enable determination of measures of dispersion and measures of central tendency through the application statistical techniques (Cooper & Schindler, 2014). Frequencies, percentages, means and standard deviations will constitute the descriptive statistics that will be used by the study. A correlation and regression analysis will be conducted to measure the relationship between variables. The results of statistical analysis will be presented in tables; Statistical Package for Social Science (SPSS) version 23 will be used.

The following multiple regression will guide the analysis of the data collected:

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

Where:

**Y** = Performance of Block Management in Mombasa

**$\beta_0$**  = Constant

**$X_1$**  = staffing

**$X_2$**  = transport systems

**$X_3$**  = Technology systems

**$\beta_1, \beta_2, \beta_3$**  = Régression Coefficients

**$\varepsilon$**  = Error Term

## CHAPTER FOUR

### DATA ANALYSIS, RESULTS AND DISCUSSIONS

#### 4.1 Introduction

The current chapter provides an outline of the results obtained from the research project. Some of the results that will be provided in the chapter include response rate, demographic analysis, pilot test results, descriptive analysis, correlation and multiple regression analysis.

#### 4.2 Response Rate

Following a comprehensive data analysis, the researcher determined the response rate to the questionnaire. There were 191 questionnaires issued to the respondents where 123 questionnaires were filled and returned representing a 64% response rate. According to Pandey and Pandey (2015), a response rate above 60% is sufficient for research.

**Table 4:1 Questionnaire Response Rate**

	<b>Response rate</b>	<b>Percentage %</b>
<b>Respondents</b>	123	64%
<b>Non-respondents</b>	68	36%
<b>Total</b>	<b>191</b>	<b>100.0%</b>

#### 4.3 Pilot Results

##### 4.3.1 Reliability Results

Reliability of the data instrument is an essential aspect as it entails the ability of the questionnaire to provide a consistent and reliable measurement. Leung (2015) asserts that reliability is utilised in measuring internal consistency where a scale ranging between 0 and 1 is utilised. Furthermore, validity reflects how much of the observation a genuine reflection of the reality from the results is. Accordingly, to ensure proper internal validity of the data instrument, the questionnaire used during the data collection was simplified to enable all participants understand what was asked. Moreover, standardized questions were used in the questionnaire. Results for the pilot study did indicate that the data instrument was easy to use and respondents could answer the questions well. Likert scale was used in the questionnaire

where response of 1 = strongly disagree while 5 = strongly agree. Furthermore, SPSS tool was used to determine the Cronbach alpha coefficient and the results are illustrated in table 4.2.

**Table 4.2: Reliability Results**

Scale	Cronbach's Alpha	Items Tested	Comments
Staffing	0.781	5	Accepted
Transport Systems	0.704	5	Accepted
Technology systems	0.759	5	Accepted
Block Management Performance	0.773	5	Accepted

The Cronbach alpha test results indicate Staffing variable had an alpha value of 0.781, Transport systems 0.704, Technology systems 0.759 and Block management performance 0.773. Sreevidya and Sunitha (2011) states that an alpha value above 0.7 indicates that data collection instrument is reliable.

#### **4.3.2 Validity**

The validity refers to the extent at which generated results reflect a true reality. To ensure internal validity, the questionnaire was simplified in a language that all participants were familiar with. The researcher determined validity by posing standardized questions. The results of the pilot test established that the questionnaire was relatively easy to answer and the questions were easily understood by the respondents.

#### **4.4 Demographic Analysis**

The study sought to find out the demographic data of the respondents. This research targeted 364 respondents in regards to finding out the factors effecting the performance of block management system in Mombasa.

##### **4.4.1 Gender Distribution**

Based on the findings presented on table 4.3, the majority of the respondents who filled the questionnaires were male 53% while female respondents were 47%. Consequently, the results show that most of the tax officers working at KRA are male. Gender distribution does not have an influence on the performance of the organisation or performance of the block management system.

**Table 4.3: Distribution of Respondents by Gender Category**

	<b>Frequency</b>	<b>Percentage %</b>
Male	65	53.0
Female	58	47.0
<b>Total</b>	<b>123</b>	<b>100.0</b>

**4.4.2 Level of Education**

According to table 4.4 a majority of the respondents hold degree qualification. Similarly, 32.5% of the respondents hold a postgraduate qualification and 9.8% have a college diploma. One can conclude that KRA has a population of well educated officers who have the knowledge and skills to undertake revenue collection operations including the performance of the block management system.

**Table 4.4: Level of Education**

	<b>Frequency</b>	<b>Percentage</b>
College Diploma	12	9.8
Degree	71	57.7
Postgraduate	40	32.5
<b>Total</b>	<b>123</b>	<b>100.0</b>

**4.5 Descriptive Findings and Discussions**

The research employed descriptive statistics to assess whether the data collected from the target population supports the objectives. Descriptive statistics used in the research include mean and standard deviation.

**4.5.1 Staffing**

The study sought to find out the effect of staffing on the performance of the Block Management System in Mombasa and made the following findings; the study findings found out that most of the respondents concurred that KRA provides enough support for undertaking BMS as shown by a mean value of 4.14 and standard deviation of 0.96. Respondents agreed that the staff available for BMS can ensure efficient interactions with taxpayers as shown by the mean value of 4.201 and standard deviation of 1.094. Respondents also agreed that the staff are well

trained for BMS performance as shown by the mean value of 3.981 and standard deviation of 1.12. Conversely, the respondents differed with the statements that the staffing levels are adequate for performance of block management system as shown by a mean value of 3.257 and a standard deviation of 0.923. Respondents disagreed with the statement that Tax officers monitoring the performance of BMS can cover all blocks in Mombasa as depicted by a mean value of 3.013 and a standard deviation of 0.775. The results correspond with the assertions by Njuguna (2015) that organizations require to have adequate number of staff to undertake comprehensive reforms and ensure efficiency.

**Table 4.5: Descriptive Statistics for Staffing**

<b>Statements</b>	<b>N</b>	<b>Mean</b>	<b>STD Dev</b>
The staffing levels are adequate for performance of block management system	364	3.257	.923
Tax officers monitoring the performance of BMS can cover all blocks in Mombasa	364	3.013	.775
KRA provides enough support for undertaking BMS	364	4.140	.960
The staff available for BMS can ensure efficient interactions with taxpayers	364	4.201	1.094
The staff are well trained for BMS performance	364	3.981	1.120

#### **4.5.2 Transport Systems**

The study sought to find out the effect of transport systems on the performance of the Block Management System in Mombasa. The following were the results of the study; respondents agreed that KRA provides adequate vehicles to tax officers as indicated by a mean value of 4.041 and a standard deviation of 0.824. Respondents agreed that KRA has an elaborate transportation system for tax officers' operations as shown by a mean value of 3.619 and a standard deviation of 0.982. On the statement that KRA can avail more transport resources to support block management system, the respondents were in agreement with a mean value of 4.121 and a standard deviation of 1.102. Respondents also agreed that KRA financial allocation to transport support better interaction with taxpayers in different blocks as shown by a mean value of 3.981 and a standard deviation of 1.002. On a different note the respondents disagreed with the statement that the available infrastructure at KRA can facilitate tax compliance as

depicted by a mean value of 3.411 and a standard deviation of 0.903. The results correlate with the findings of Mohammed and Hicham (2018) who assert that revenue organizations must develop sufficient infrastructure that aids in the collection of data and information from SMEs.

**Table 4.6: Descriptive Statistics for Transport Systems**

<b>Statements</b>	<b>N</b>	<b>Mean</b>	<b>STD Dev</b>
KRA provides adequate vehicles to tax officers in Block management system	364	4.041	.824
KRA have an elaborate transportation system for tax officers' operations in Block management system	364	3.619	0.982
The available tax administration infrastructure at KRA can facilitate tax compliance	364	3.411	.903
KRA can avail more transport resources to support block management system	364	4.121	1.102
KRA resource allocation to transport support better interaction with taxpayers in different blocks	364	3.981	1.002

### **4.5.3 Technology**

The study sought to find out the effect of technology on the performance of the Block Management System in Mombasa. The study found out that the respondents were in agreement with the statements that the iTax platform has enabled integration with taxpayers as depicted by a mean value of 4.020 and a standard deviation of 0.374. Respondents agreed that 'iTax platform supports collection of taxpayer data as shown by a mean value of 3.901 and a standard deviation of 0.539. On the statement that investment in internet accessibility have heightened efficiency in operations, the respondents were in agreement with a mean value of 3.751 and a standard deviation of 0.651. Respondents also agreed that KRA provides adequate training for staff on the use of technology platforms with a mean value of 4.567 and a standard deviation of 0.424. Finally, the Respondents agreed that iTax has improved daily monitoring of SME taxpayers as depicted by a mean value of 3.568 and a standard deviation of 1.011. The results are consistent with the assertions by Maisiba & Atambo (2016) who posit that information systems technology is vital in each organization operations. Technology systems heighten the efficiency of revenue administration.

**Table 4.7: Descriptive Statistics for Technology**

<b>Statements</b>	<b>N</b>	<b>Mean</b>	<b>STD Dev</b>
The iTax platform has enabled integration with taxpayers.	364	4.020	.374
iTax platform supports collection of taxpayer data.	364	3.901	.539
Investment in internet accessibility has heightened efficiency in operations.	364	3.751	.651
KRA provides adequate training for staff on the use of technology platforms	364	4.567	.424
iTax has improved daily monitoring of SME taxpayers	364	3.568	1.011

#### **4.5.4 Performance of Block Management System**

According to table 4.8, the respondents were in agreement with the statements that the rate of compliance has increased with block managements system with the mean value of 4.45 and a standard deviation of 0.503. The respondents agreed that KRA has adequate staff numbers for block management system as shown by the mean value of 4.43 and a standard deviation of 0.720. The respondents also agreed that the Sufficient taxpayer information has been made available through block management system as indicated by the mean value of 4.27 and a standard deviation of 0.666. The statement that KRA technology systems have supported performance of the block management system was agreed on by the respondents with a mean of 4.31 and a standard deviation of 0.469. Finally, the respondents agreed that KRA has provided adequate resources for implementing block management system with a mean value of 3.78 and a standard deviation of 0.497. The results are similar to the assertions by Ssempogo (2017) that block management system supports taxpayers by physical identification and mapping of the residence.



**Table 4.8: Descriptive Statistics for Block Management System Performance**

<b>Statements</b>	<b>N</b>	<b>Mean</b>	<b>STD Dev</b>
The rate of compliance has increased with block managements system.	364	4.45	.503
KRA has adequate staff numbers for block management system.	364	4.43	.720
Sufficient taxpayer information has been made available through block management system.	364	4.27	.666
KRA technology systems have supported performance of the block management system.	364	4.31	.469
KRA has provided adequate resources for implementing block management system.	364	3.78	.497

#### **4.6 Correlation Analysis**

The researcher sought to establish the correlation between the independent variables of staffing, transport and technology systems and the dependent variable of block management system performance.

##### **4.6.1 Coefficient of Correlation**

Table 4.9 presents the results on correlation analysis where staffing exhibits a strong positive correlation at  $r=0.673$ . The staffing level in the revenue organization is significant as it affects the level of performance of the block management system. Moreover, the strong correlation supports the assertions by (Phillips & Gully, 2015) that organizations require to have sufficient workforce to conduct core operations efficiently. There is also a strong positive correlation between transport systems independent variable and the performance of the block management system at  $r=0.649$ . The positive correlation corresponds with findings by (Laiou and Yannis, 2019) that transportation systems can influence the success of an organization strategy and operations. Similarly, there is a strong positive correlation between technology variable and block management systems performance with  $r=0.739$ . Transportation systems provide the revenue officers with mobility and accessibility to the taxpayer's premises.

**Table 4.9: Karl Pearson's Correlation**

Model		Staffing	Transport		BMS
			Systems	Technology	Performance
Staffing	Pearson				
	Correlation	1			
	Sig. (2-tailed)				
Transport Systems	N	123			
	Pearson				
	Correlation	.368**	1		
Technology	Sig. (2-tailed)	.000			
	N	123	123		
	Pearson				
BMS Performance	Correlation	.555**	.628**	1	
	Sig. (2-tailed)	.000	.000		
	N	123	123	123	1
	Pearson				
	Correlation	.673**	.649**	.739**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	123	123	123	123

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

#### 4.6.2 Correlation of Determination ( $R^2$ )

The results on table 4.10 indicates that the R-square is 0.380 which helps explain the variation of the dependent variable that can be attributed to the independent variables of the study. Subsequently, the independent variables staffing, transport systems and technology systems that were chosen by the researcher contribute 38% of the variation in the performance of block management system in Mombasa. The R (0.616) indicates a high level of association between the study dependent and independent variables. Similarly, the Adjusted R-Square of 0.364 implies the level at which the model can be generalized to the entire population. Subsequently, the independent variables chosen, staffing, transport systems and technology systems have an influence on the implementation and performance of the block management system. The findings correspond with Ssempogo (2017) who asserts that performance of the block management system allows revenue organisations to adapt and improve systems based on the information they receive from the taxpayers.

**Table 4.10 Coefficient of Determination (R<sup>2</sup>)**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.616 <sup>a</sup>	.380	.364	.734

a. Predictors: (Constant), Staffing, Transport systems, Technology Systems

#### 4.7 Regression Analysis

Multiple regressions were utilized in the research to establish the prevailing association between the independent variables and dependent variable

##### 4.7.1 Analysis of Variance (ANOVA)

The study used ANOVA to establish the performance of the regression model. The significance of the model considered significant if its p-value is less or equal to 0.05. According to table 4.11 the results indicate that the model is significant with F= 24.305 and p-value <0.05. Therefore, the regression model for the study is statistically significant and can aid in forecasting variations in block management system performance from the independent variables staffing, transport systems and technology systems.

**Table 4.11: ANOVA**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	39.272	3	13.091	24.305	.000 <sup>b</sup>
	Residual	64.094	119	.539		
	Total	103.366	122			

a. Dependent Variable: BMS Performance

a. Predictors: (Constant), Staffing, Transport Systems, Technology Systems

##### 4.7.2 Multiple Regression

The researcher conducted a multiple regression analysis as shown in table 4.12 to determine the relationship between staffing, transport systems and technology on the performance of the block management system in Mombasa.

**Table 4.12: Multiple Regression Analysis(Coefficients)**

Model	Unstandardized Coefficients		Standardized Coefficients		Sig.
	B	Std. Error	Beta	t	
1 (Constant)	.289	.424		0.681	0.497
Staffing	.164	.070	.184	2.334	.021
Transport Systems	.137	.062	.168	2.216	.029
Technology	.587	.095	.472	6.209	.000

a. Dependent Variable: BMS Performance

The findings on regression coefficients is illustrated in table 4.11 where:

$$Y = 0.289 + 0.164 X_1 + 0.137 X_2 + 0.587 X_3 + \varepsilon$$

Y = Block Management System Performance

$\beta_0$  = Constant

$X_1$  = Staffing

$X_2$  = Transport Systems

$X_3$  = Technology Systems

$\beta_1, \beta_2, \beta_3$  = Régression Coefficients

$\varepsilon$  = Error Term

The results of the multiple regressions indicate that Block management system performance can be determined by 0.164 Staffing, 0.137 Transport Systems, and 0.587 Technology Systems. The values further indicate that a unit rise in staffing yields 0.164 in the block management system performance. Similarly, a unit increase in Transport systems and Technology systems yields 0.137 and 0.587 changes in the block management system performance. Furthermore, the results of the multiple regressions show the test for significance for the individual independent variables through p-value. The independent variables staffing, transport systems and technology at 95% confidence level are significant ( $p < 0.05$ ). The Y-intercept is provided by  $\beta_0 = 0.289$  that indicates positive block management system performance when the three independent variables are at a zero value.

## CHAPTER FIVE

### SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Introduction

This chapter avails a comprehensive discussion on the summary of the findings together with the conclusion and recommendation. The objective of the study was to find out the effect of staffing on the performance of the block management system in Mombasa, to find out the effect of transport system on the performance of block management system in Mombasa and to find out the effect of technology on the performance of block management system in Mombasa.

#### 5.2 Summary of Findings

##### 5.2.1 Staffing

The research process established that staffing levels at KRA have a significant influence on the performance of the block management system in Mombasa. The descriptive and inferential statistics have shown that the data collected confirms the effect of staffing level. The Karl Pearson test results indicate that the association between staffing level and performance of block management system is strong positive at 0.673. Subsequently, the strong positive correlation implies that the management of KRA must put emphasis on the level of staffing in the domestic taxes department to ensure proper performance of block management system. The findings are consistent with Phillips & Gully (2015) who posits that organizations require to have sufficient workforce to undertake proper performance of core operations. Moreover, the staff should receive proper training on performance of block management system.

##### 5.2.2 Transport systems

Transport systems have a strong positive influence on the performance of the block management system in Mombasa ( $r=0.649$ ). The transport system includes resources dedicated to the movement of tax officers within the different tax blocks in the county. Moreover, the results correspond with the findings by Saeed *et al.*, (2017) that transport infrastructure system is core to operations of organizations. Besides, the findings correspond with those of Mohammed and Hicham (2018) that revenue organizations need to develop infrastructure that helps with revenue collection. Transport systems are essential for block management system performance since it enables the efficient movement of tax officers to the premises of the taxpayers and SMEs.

### **5.2.3 Technology**

Technology systems were found to have a strong positive association with performance of block management in Mombasa ( $r=0.739$ ). The findings imply that technology systems are vital to the proper performance of the block management system in Mombasa. The results are consistent with the findings by Maisiba & Atambo (2016) that information systems are vital in every type of organization operations. The use of technology systems in tax administration assist with efficient data collection and monitoring of the taxpayers. Moreover, sufficient information sharing takes place through the use of computer systems.

### **5.3 Conclusion**

The main objective of the research was to establish the factors affecting the performance of block management system in Mombasa. Subsequently, the extensive study coupled with thorough collection and analysis of the primary data indicates that the objective of the study was achieved. The predictor variables of staffing, transport systems and technology hold a positive influence on the performance of the block management system. Therefore, any efforts put by KRA domestic taxes department towards heightening the staffing levels, transport and technology will help improve the performance of the block management system in Mombasa. The first specific objective of the research was to find out the effect of staffing on performance of block management system in Mombasa. It has been made clear that staffing levels at KRA have a strong positive impact on performance of the block management system. Secondly, the research sought to find out the effect of transport systems on performance of block management system in Mombasa. The research established that there is a strong positive correlation between transport systems and block management performance. Furthermore, the research sought to find out the effect of technology on performance of the block management system. The research established that there is positive association between technology systems and block management performance. The study concludes that there is a positive influence of staffing levels, transport systems and technology systems on performance of block management systems.

#### **5.4 Recommendations**

Following conclusion of the study recommendations are made:

- i. KRA domestic taxes department should increase the number of tax officers to handle the different tax blocks while at the same time train the officers on the system.
- ii. Secondly, KRA should continue to increase the available transport infrastructure to ensure that tax officers are able to move freely in the different tax blocks.
- iii. Finally, KRA should increase the capacity of tax officers through improved technology platforms.

#### **5.5 Areas of Further Study**

There is need for further research since the independent variables of staffing, transport and technology systems have a 36.4% variation influence on block management system performance. Consequently, there is need to conduct further research on other variables that impact on block management system performance. Some of the variables that need to be explored include knowledge and skills requirement for block management system performance.

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## APPENDICES

### APPENDIX I: LETTER OF INTRODUCTION



Kenya School of Revenue  
Administration



KENYA REVENUE  
AUTHORITY

ISO 9001:2015 CERTIFIED

KRA/KESRA/MSA/106

27<sup>th</sup> February 2020

TO WHOM IT MAY CONCERN

Dear Sir/Madam,

**RE: REQUEST TO COLLECT RESEARCH DATA**

This is to certify that the following is bona fide student of the Kenya School of Revenue Administration Mombasa Campus Undertaking Post Graduate Diploma in Tax Administration.

Name	Admission Number
WESLEY CHERUYOT	HBD336-C016-7330/2016

The above- mentioned student is in his final year of study at the school and currently conducting research on "FACTORS AFFECTING THE IMPLEMENTATION OF THE BLOCK MANAGEMENT IN MOMBASA." The student is in the process of gathering data and thereafter, compile a report that will strictly be used for academic purposes only. The School would therefore like to seek your permission to allow him collect information that relates to his research from your organization.

Thank you in advance for your support and cooperation.

Yours sincerely,

Mumia E.J.

**For Principal- KESRA, Mombasa Campus**



*Tulipe Ushuru Tujitegeme!*



## APPENDIX II: RESEARCH QUESTIONNAIRE

*This questionnaire is meant to gather information regarding your views on the factors affecting the performance of the block management system in Mombasa.*

### CONFIDENTIALITY CLAUSE:

The contents of information provided will be treated in a confidential manner that will protect the respondents. Your intervention and assistance will be highly appreciated.

### Section A: Basic Information

1. Gender of the respondent

Male [ ] Female [ ]

2. Level of education

College diploma [ ] Degree [ ] Postgraduate [ ]

### Section B: Staffing

Refers to the population of employees assigned tasks within the organization (Geary, 2010).

**Please indicate the extent to which you agree with the following statements:**

**Strongly Agree=5, Agree=4, Uncertain=3, Disagree=2, Strongly Disagree=1**

	Statement	1	2	3	4	5
1	The staffing levels are adequate for performance of BMS					
2	Tax officers monitoring the performance of BMS can cover all blocks in Mombasa					
3	KRA provides enough support for undertaking BMS					
4	The staff available for BMS can ensure efficient interactions with taxpayers					
5	The staff are well trained for BMS performance					

### Section C: Transport Systems

Transport System refers to the equipment and logistics of carrying passengers and goods (Dhillon, 2007)

**Please indicate the extent to which you agree with the following statements:**

**Strongly Agree=5, Agree=4, Uncertain=3, Disagree=2, Strongly Disagree=1**

	Statement	1	2	3	4	5
1	KRA provides adequate vehicles to tax officers in Block management system					
2	KRA have an elaborate transportation system for tax officers' operations in Block management system					
3	The available tax administration infrastructure at KRA can facilitate tax compliance					
4	KRA can avail more transport resources to support block management system					
5	KRA resource allocation to transport support better interaction with taxpayers					

### Section D: Technology

Technology includes machines, systems, implements and the skills by which we design and use them (Bailetti, 2012).

**Please indicate the extent to which you agree with the following statements:**

**Strongly Agree=5, Agree=4, Uncertain=3, Disagree=2, Strongly Disagree=1**

	Statement	1	2	3	4	5
1	The iTax platform has enabled integration with taxpayers.					
2	iTax platform supports collection of taxpayer data.					
3	Investment in internet accessibility have heightened efficiency in operations.					

4	KRA provides adequate training for staff on the use of technology platforms.					
5	ITax has improved daily monitoring of SME taxpayers.					

**Section E: Block Management System Performance**

Please indicate the extent to which you agree with the following statements:

Strongly Agree=5, Agree=4, Uncertain=3, Disagree=2, Strongly Disagree=1

	<b>Statement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	The rate of compliance has increased with block managements system.					
2	KRA has adequate staff numbers for block management system.					
3	Sufficient taxpayer information has been made available through block management system.					
4	KRA technology systems has supported performance of the block management system.					
5	KRA has provided adequate resources for implementing block management system.					

**APPENDIX III: WORK PLAN**

<b>Work Done</b>	<b>Oct-19</b>	<b>Nov-19</b>	<b>Dec-19</b>	<b>Jan-2020</b>	<b>Sep-2020</b>
Identification of research topic and supervisor					
Proposal preparation					
Proposal presentation and defense					
Correction of the proposal					
Data collection analysis and interpretation					
Compiling presentation and defense of the Research project Report					



#### APPENDIX IV: BUDGET

<b>Activity</b>	<b>Cost</b>
Research Work	ksh.11,000
Library services	ksh.3,500
Binding	ksh.4500
Secretarial service	ksh.2500
Photocopy	ksh.2,500
Traveling	ksh.5,000
Miscellaneous	ksh.4, 000
<b>TOTAL</b>	<b>ksh.30,500</b>