

**REVENUE COLLECTION ADMINISTRATION AND  
REVENUE GROWTH IN COUNTY GOVERNMENT OF  
MARSABIT, KENYA**

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**A Project in Partial Fulfilment of the Requirement for Conferment of the Degree of  
Master of Business Administration of Meru University of Science and Technology**

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## DECLARATION

This project is my original work and has not been presented for the award of a degree in any other Institution.

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## **DEDICATION**

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## ABSTRACT

The 2010 Constitution of Kenya was expected to enhance service delivery to Kenyans by devolving political and administrative responsibilities to county government. Resources required to support service delivery are from both local revenues and the national government. Observably, local revenue collections have continued dwindling even though empirical studies have not been conducted to analyze this decline. Thus, this study was designed to assess the effect of revenue collection administration and revenue growth in Marsabit County Governments. A descriptive survey design was adopted for this research. The target population consisted of all 209 non-support staff members from the Department of Finance, Economic Planning and Budgeting, and Revenue and Resource Mobilization in the County Government of Marsabit. The respondents in this study were selected using stratified sampling techniques, resulting in 106 respondents. The questionnaires were the primary instrument for data collection, and their validity and reliability were examined through pre-testing of research tools. The secondary data was gathered through existing information from the National Treasury annual reports. Generation of descriptive statistics used SPSS version 26. Inferential statistics was also used to compute correlation analysis as well as multiple linear regression. The findings of the study showed that staff competencies, automation and internal control influenced revenue growth in the County Government of Marsabit. Further, the study established that government policy had a positive moderating effect on the relationship between revenue collection administration and revenue growth in the county government of Marsabit. Inferential statistics results showed a strong R-squared (the coefficient of determination), while the results of analysis of variance (ANOVA) for the regression model showed an F statistic that was within the predictable range. The study concluded that staff competencies, automation and internal control practices strongly influence revenue growth in the county government of Marsabit. The study recommends upscaling of staff competencies by introducing training forums on sensitization of revenue collection administration best practices and investment in digital transactions and improving internal control systems.

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## ACRONYMS/ABBREVIATIONS

ANOVA	Analysis of Variance
CGM	County Government of Marsabit
CoB	Controller of Budget
COG	Council of Governors
COSO	Committee of Sponsoring Organizations of the Treadway Commission
CRA	Commission on Revenue Allocation
ETR	Electronic Tax Registers
ICS	Internal Control Systems
IMF	International Monetary Fund
ITMS	Integrated Tax Management Systems
KRA	Kenya Revenue Authority
NACOSTI	National Commission for Science, Technology & Innovation
OCoB	Office of Controller of Budget
OSR	Own source revenue
PFM	Public Finance Act
PwC	Price Waterhouse Coopers Kenya
RCA	Revenue Collection Administration
RARMP	Revenue Administration Reform and Modernization Programme
RG	Revenue Growth
SPSS	Statistical package for social sciences
TDT	Technological Determinism Theory
VAT	Value Added Tax
HCT	Human Capital Theory
AT	Agency Theory

## DEFINITION OF TERMS

<b>Devolution</b>	The transfer of political and administrative powers and responsibilities from a central government to lower levels of government, such as regional or local governments, to promote local decision-making and better address regional needs. (RoK, 2010).
<b>Government Policies</b>	Refers to the principles, guidelines, and decisions formulated and implemented by the government to guide actions, programs, and regulations in various sectors and areas of governance. In this study the government policies refer to county government Act 2012 that mandate the county government to collect revenues from the public (Mwai, 2019).
<b>Internal Control System</b>	The processes, procedures, and measures put in place within an organization to ensure the reliability of financial reporting, compliance with laws and regulations, and effective management of risks (Kenton, 2023).
<b>Revenue Collection Administration</b>	The processes and mechanisms put in place to collect taxes, fees, and other forms of revenue on behalf of the government, ensuring the financial resources necessary for public service provision and governance. Establishment of County revenue funds for each county government. (PFM, 2012: Section 109). In this study revenue collections administration implies, mechanisms of collecting revenue by the country revenue department from business permits, rental income, royalties' and other source of revenue income. The degree to which internal control measures, staff competency, and system automation are combined to improve efficiency, accountability, and

sustainability in revenue collecting and management is also reflected in revenue collection administration.

- Revenue** Refers to the increase in revenue generated over specific period
- Growth** denoting financial performance of an entity (Korir, 2020). In this research revenue growth means increment of revenue collected from various of sources revenue in the county of Marsabit by the respective departments.
- Staff** The skills, knowledge, and altitude possessed by staff members
- Competencies** while performing their assigned tasks and responsibilities effectively (Armstrong, 2016). In this research study staff competencies refers to skills and knowledge employed and prevailing attitude of the staff responsible for collecting revenue in the County of Marsabit.

## **CHAPTER ONE: INTRODUCTION**

This chapter contains background of the study and discusses revenue collection administration and revenue growth in county government of Marsabit-kanya, by describing statement of problem, the research objectives, indicating the research hypotheses, pointing out significance of the study and giving limitation and delimitation of the study.

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

Revenue collection is an essential component of any government's fiscal policy, as it enables the government to provide public goods and services to its citizens. The effectiveness of revenue collection administration is crucial in achieving sustainable development, especially in developing countries. The lack of effective revenue collection administration can lead to poor public service delivery, corruption, and unsustainable debt levels (Fombad, C. M., & Steytler, N. (Eds), 2019).

The precision and effectiveness of tax administration depend heavily on having competent revenue employees. Technical proficiency with accounting and information systems, procedural knowledge of county bylaws and tax regulations, a focus on customer service, and adherence to ethical norms are all components of competency. Staff competence is positively correlated with revenue performance, according to empirical research conducted in Kenya. According to Kipkurui and Makori (2023), staff capacity improved internal control system implementation, which in turn improved Kericho County's collection performance. World Bank (2024) guidelines also highlight the significance of worker competency, recommending capacity building as a key component of administrative and digital changes in East Africa. In addition to being more adept at enforcing rules, competent employees can also adjust to new technology and improve compliance enforcement (World Bank, 2024). The factors that most

influence revenue outcomes technical skills, ethics, or taxpayer engagement – are not clearly defined (Kipkurui & Makori, 2023). Lastly, in situations where employee turnover is substantial, the sustainability of training effects is unclear, raising concerns regarding long-term cost-effectiveness.

A common solution to inefficiencies and leaks in revenue collection is the automation of revenue processes. E-payments, online filing, and integrated revenue management platforms are examples of electronic solutions that lower manual mistake rates, make reconciliation easier, and boost transparency. Adoption of digital technologies enhances taxpayer services and lowers compliance costs, according to the IMF (2023). In Kenya, Achibo (2024) discovered that the iTax system increased revenue collection efficiency and transparency, while Tarus (2023) observed that the use of online tax payment systems boosted compliance among major taxpayers. Additionally, according to the World Bank (2024), digital technologies make it possible to monitor revenue streams in real time, which improves accountability. Counties that used electronic payment platforms saw decreases in leakages and increases in record accuracy (World Bank, 2024). These results imply that automation has a major impact on county system public trust as well as revenue growth.

According to the World Bank (2024), some counties report little improvement when their systems are not properly tailored, integrated with financial management procedures, or implemented without enough training for employees and taxpayers. Therefore, even while automation has potential, when staff capabilities and internal controls are inadequate, it may exacerbate pre-existing flaws. Furthermore, the behavioural effects of digitalization on voluntary compliance over the long run are yet little understood (IMF, 2023). This makes one wonder if digital reforms are enough on their own or if staffing and control reforms are also necessary.

The foundation of accountability in revenue administration is made up of internal control systems, including audit trails, reconciliations, approval processes, and segregation of roles. Internal control procedures have a major impact on Kericho County's tax collection performance, as shown by Kipkurui and Makori (2023).

According to research evaluated by Eja Journals (2024), strong control systems also improved confidence in reported revenue figures and decreased leakage. Internal controls, when combined with automation, can improve transparency and offer real-time inspections, reducing the likelihood of fraud and theft (World Bank, 2024). However, the research points up some significant gaps. Even well-designed controls can be compromised by political economic factors, such as insufficient enforcement or leader meddling (Eja Journals, 2024).

Additionally, there is a dearth of comparative data regarding the most economical control techniques in nations with limited resources. Few studies quantify these relative benefits, such as the possibility that segregation of tasks may be more successful against intentional fraud, even though reconciliations may address ordinary errors (IMF, 2023).

The fact that staff competency, automation and internal control systems are complements rather than substitutes is being emphasised more and more by recent research and practitioners. Automation works best when employees are capable of operating the systems and when internal controls guarantee the accuracy of data produced by the system. On the other hand, powerful controls without trained personnel may remain useless on paper, while high staff capability without digital technology may leave processes open to manipulation (World Bank, 2024).

Worldwide, research has revealed that the effective mobilization of domestic revenue is crucial for sustainable development. According to the International Monetary Fund (IMF), increasing revenue is necessary to finance public goods and services and reduce

reliance on foreign aid and borrowing (Stubbs, T., Reinsberg, B., Kentikelenis, A., & King, L. 2020). Muangjaroen, J. and Jadesadalug, V. (2018) conducted a study on Causes and Effects of Practice Staff's Work Competency in Private Organizations in Thailand. They concluded that knowledge, abilities, self-perception, characteristics, and motivations impacted work-life balance, career advancement, job satisfaction, and performance effectiveness.

In developing countries, domestic revenue mobilization remains a challenge due to several factors, including weak tax administration, limited tax bases, and a high level of informality (Mpofu, F. Y. (2022)). It was observed that collecting revenues from sources and automation was crucial. According to Nama, K., Chikukwa, T., Lourens, M. E., & Daweti, B. (2022), research was carried out on effect of training and development on workers' performance and the provision of services in a South African local municipality. This study looked into whether coaching and mentoring could improve service delivery by strengthening the capacities of South African municipal workers. The report suggests funding training initiatives to give staff members the skills and information they need. Similarly, Nama, K. el, (2022) advanced that human resources are the most valuable assets of an organization. Its competencies and productivity are enhanced through structured processes of training and development in order to meet its goals.

According to the study by Kirer, G., Cheruiyot, P., Rop, W., and Langat, P. (2024), there was a moderate relationship between revenue collectors' competencies and meeting own source revenue targets. To improve revenue staff abilities and expertise in handling the intricacies of contemporary revenue collection, the authors recommend that revenue collectors have enough skills and knowledge for self-training and development. The

study also emphasized having knowledgeable staff on revenue matters for achieving revenue collection targets is critical.

Further, Jepkoech, J., Tibbs, C. Y., and Tsuma, E. (2020) conducted a study in the Nandi County Government analyzing revenue collection effectiveness and the competency of revenue staff. The study discovered that the efficiency of revenue collection was positively and significantly impacted by the competency of the revenue staff. According to the report, employees should have the information and communication technology (ICT) skills they need to improve service delivery and revenue collection. Similarly, frequently having a considerable workforce surplus, Kenyan local governments also experience a low talent retention rate among specialists and professionals. According to Wainaina, Bula & Wambua (2022), their study demonstrated that successful talent retention tactics have a favourable impact on organizational performance, highlighting the necessity of taking the right steps to keep qualified individuals in local government.

The World Customs Organization Revenue Package was created to help customs authorities maximize revenue collection while maintaining trade convenience and compliance. It consists of standards, resources, and best practices pertaining to the origin, classification, and value of things. Technical support, training, and diagnostic tools are essential elements meant to improve Customs' efficiency, transparency, and capability. Additionally, the package highlights the importance of data analytics and technology in revenue management (World Customs Organization. (n.d.), 2025). The Accra Metropolitan Assembly (AMA) was evaluated in the study on Ghanaian local revenue collection digitization by Adu, E. P., Asamoah, K., Buabeng, T., and Damoah, C. M. (2020). testified that, as per the report, the digitization of revenue collecting significantly enhanced money mobilization. The approach decreased revenue leakage and increased

the transparency of the collection process. Revenue inflows were tracked more efficiently as a result of automation.

The computerized method promoted more accountability between revenue collectors and Accra Metropolitan Assembly staff. It is more difficult for money to be misappropriated or misreported because of the system's real-time monitoring and auditing capabilities (Adu et al., 2020). A two-day training workshop was arranged by the Tarkwa Nsuaem Municipal Assembly (2023) in Ghana, with the goal of improving the capacity of its revenue collectors to use the recently launched Tarkwa Nsuaem Municipal Assembly Revenue Mobilization System (TNMA-REMOS) and execute the 2023 Fee Fixing Resolution (FFR). This Programme demonstrates TNMA's dedication to improving revenue mobilization via technology development and capacity training. The way taxes and revenues are collected and administered is affected by the introduction of new tools to help firms operate more effectively.

A significant factor in decreasing errors, standardizing operational procedures, and cutting costs is the computerization of every process step (Tarkwa Nsuaem Municipal Assembly, 2023). Mandala, N. (2020). Revenue management attests that the counties deal with numerous issues, such as inadequate revenue streams, lack of internal audits, insufficiently skilled staff, usage of revenue-collecting methods that are partially automated, inadequate infrastructure and reluctance on the part of certain county revenue officers to accept change. However, this negatively affects the counties' ability to collect taxes.

Karimi, H., Maina, K. E., & Kinyua, J. M. (2017). The impact of information systems and technology on the county government of Embu, Kenya's revenue collection. The impact of information systems and technology on Embu County's tax collection was examined in this study. Information systems and technology integration have a

favourable impact on revenue collection, according to the study. To improve revenue collection, the authors suggest amending the County Act to include information systems in Embu County's management operations. Kithinji, J. G., Muturi, W., & Kibati, P. (2025). Kenyan county governments' revenue collection performance and revenue systems automation. The performance of revenue collection in Kenyan county governments was examined in this study in relation to the automation of revenue systems. The study came to the conclusion that automating revenue collection systems improves their efficacy and efficiency, which in turn improves their performance. The authors recommend that county governments make investments in cutting-edge technology to enhance revenue systems and incorporate information exchange. Many research studies on revenue automation show how ICT integration improves tax collection in Kenya's many counties. They emphasize how crucial it is to implement contemporary technology, update ICT infrastructures, and create supportive regulations in order to improve the effectiveness of revenue collecting. (Kithinji et al., 2025).

To boost productivity and efficiency in the generation of revenue, technological implementation is crucial. There is little doubt that traditional types of paper remain a crucial component of the economic system (Karimi, A., Smith, J., & Brown, L. (2017). In order to maximize revenue collection, tax avoidance and evasion must be reduced. This can be done by using technology.

Bawono, A. D. B., Arifin, K. M., Purbasari, H., & Saputra, A. E. (2020) investigated the impact of internal control systems on the accountability of financial statements in Indonesian local governments, emphasizing the role of local government performance as a mediator. Financial records that underwent an audit by the Supreme Auditor of the Indonesian Government were used for the data analysis. Their results show that, when local government performance acts as a mediating variable, the internal control system

has a greater impact on financial statement accountability than when the internal control system acts directly. The impact of accountability, transparency, organizational culture, and internal control systems on Lampung Tengah government performance in Shah Alam, Selangor, Malaysia, was examined by Ramadhaniyah, R., Yuliachtri, S., Mustika, D., & Sentosa, S. (2024). The authors discovered that these factors significantly improve government performance.

Although accountability, openness, and organizational culture are important factors in enhancing government performance, internal control systems' efficacy may rely on how successfully they are used and integrated into the organizational structure (Ramadhaniyah et al., 2024). By contrasting Islamic banks with conventional commercial banks, Hamza, M., Alkabbji, R., Almbydeen, T. H., Fathi, R., & Aljabri, Q. (2023) investigated the impact of internal control systems (ICS) implementation on the market value of Jordanian banks.

The results showed that both bank types have a high degree of internal control systems (ICS) compliance, with Islamic banks applying the system at a somewhat greater level. To increase work happiness and performance effectiveness, the authors advise banks to concentrate on how personnel transfers affect departmental efficiency. The study also found that improved market value for Jordan's commercial and Islamic banks was positively correlated with strong ICS implementation.

In Africa, the need for effective revenue collection administration and internal control systems has become more pressing recently as a result of the increasing importance of mobilization of domestic resources in financing development. Studies have shown that African governments rely heavily on external financing, with foreign aid accounting for 14% of total revenue in 2014 (Albers et al., 2023). This external financing can be unsustainable; hence, it is essential for African countries to mobilize their own resources

to finance their development agendas. Regionally, developing countries continue to face challenges in raising revenue from their own source revenue bases to meet their budget expectations (Moshashai et al., 2020). In addition, Hassan et al. (2021) found that tax non-compliance by taxpayers is a major problem in many developing countries. Molokwu, E. N., Nyor, T., Mohammed, A. N., Ibrahim, Y. K., & Shuaibu, H. (2021), *Fraud Prevention and the Efficiency of Internal Control System in Nigerian Deposit Money Banks*.

The study looked at how well internal control mechanisms work to stop fraud in deposit money institutions in Nigeria. The results showed that the control environment, risk assessment, information and communication, monitoring, and fraud prevention were all positively and significantly correlated. On the other hand, fraud prevention was positively but marginally impacted by control actions. To detect and lessen any risks, the study suggested semi-annual evaluations of control systems and routine evaluations of the operational environment. It was noted that internal control architecture affected banks' capacity to look into employee fraud, employee lifestyle, and fraud detection. A Likert scale quiz with four points was used to collect information from thirteen Nigerian banks, and percentages and ratios were used to analyze the results.

The study discovered that internal control's nature influences employees' attitudes toward fraud in a way that a strong internal control mechanism discourages employee fraud, while a poor one exposes the system to fraud and gives employees the opportunity to commit fraud (Molokwu et al. 2021). Boru, E. M. (2022). *The county government's internal oversight and revenue collection*. The result of internal controls on revenue collection in Marsabit County was examined in this study. It was discovered that elements including information and communication, risk analysis, monitoring, and control operations, as well as environmental control, all had a positive and significant

impact on revenue collection. The greatest significant effect was caused by control efforts. The report suggested automating revenue collecting procedures, improving the control environment and activities, providing funding for monitoring, and educating employees about financial management and honesty. According to Thyaka, F., V. & Kavale, S. (2021). The Kenya Revenue Authority serves as an example of how internal controls affect revenue collection. The impact of KRA's internal control system on revenue collection was assessed in this study. It was discovered that internal controls, such as information and communication, risk assessment, control activities, and the control environment, have a favourable and significant impact on revenue collection.

The report suggested creating and sustaining a climate that facilitates control, partnering for risk assessment, putting control actions into place in every area, and setting up clear platforms for information and communication. Yegon, V., and Kilonzi, F. (2023). Control systems' effects on Kenya Revenue Authority Customs Administration revenue collection. The effect of control systems on revenue collection at Nairobi's Inland Container Depot was evaluated in this study. It was discovered that revenue collection is highly influenced by the control environment, risk assessment, and control actions. In order to boost the efficiency of revenue collection, the study suggested improving these control mechanisms.

As stated by Kithinji et al. (2025), deployment of a system that collects taxes automatically significantly enhances revenue growth.

The county governments were transferred to various public service agencies under the 2010 Kenyan Constitution. Including the revenue that these governments gather to pay for their activities and/or functions. Raising revenue is a difficult task for many developing nations. Particularly, certain low- and lower-middle-income countries' poor tax and legal systems and faulty development goals (International Monetary Fund [IMF],

2016). In addition, low budgetary responsibility and transparency are also issues related to revenue growth. Ineffective revenue administration frequently makes these issues worse by encouraging tax non-compliance and a lack of integrity (IMF, 2016).

In Kenya, revenue collection has been a significant challenge, especially at the county level. Kenya's government and governance structure underwent a significant transformation in 2010, moving from a unitary to a two-tier devolved framework (Kaur et al., 2021). The national government and county governments were brought on board as a consequence of the constitutional change. However, it has been impossible for most county governments to mobilize resources effectively, resulting in underdevelopment and poor service delivery that fails to fulfil citizens' expectations.

Key services such as healthcare, water, sanitation, education, and other public services remain dismal (Owandho, 2020). County governments continued over-relying on the central government for transfers from the National Treasury, while development projects in county governments stagnated due to delayed fund transfers and poor governance in resource management. Kenya's government and governance structure underwent a significant transformation in 2010, moving from a unitary to a two-tier devolved framework (Gathii, J. T., & Otieno, H. M., 2018).

The national government and county departments were brought on board due to this constitutional change. It has been impossible for most county governments to mobilize resources effectively, resulting in underdevelopment and poor service delivery that does not meet citizens' expectations, with key services such as health care, water, sanitation, education, and other public services remaining dismal (Ng'ang'a et al., 2021). County governments largely depend on the Central Government for transfers of exchequer from The National Treasury (TNT).

Occasional delays of fund transfers result in stagnation of development activities in the counties. The Constitution establishes 47 county governments whose structure, authority and mandate are outlined therein (COK 2010). The Constitution also provides a framework for county government funding through national government and own-source revenues. The Public Finance Management Act (PFM, Section 207) established Revenue Funds for County Governments, where all paid monies shall be received on behalf of the county government, except money reasonably excluded by an Act of Parliament (Mwenda, 2010). Revenue collection performance is critical in promoting efficiency in service delivery and economic development of national and county governments. However, many county governments encounter serious challenges in their revenue collection performance

The impact of intergovernmental fiscal transfers on Kenyan county Own Source Revenue generation was investigated in a 2021 study by Kibigo. Unconditional transfers from the federal government had a detrimental, albeit statistically minor, impact on county OSR creation, according to the study. On the other hand, it was discovered that conditional grants had a favourable and noteworthy impact, indicating that they can encourage counties to improve their OSR collection activities.

Therefore, improving revenue collection methods and efficiency ensures that counties collect all projected own-source revenue, thereby bridging the gap between the budgeted and actually collected revenues. The local own-source revenue (OSR) collection in Kenya had traditionally been assigned to local authorities (post-independence) through property rates and business licenses.

However, following centralization reforms in the 1980s and weak enforcement of property rates, OSR greatly declined, and Local Authorities (LAs) fell into debt and faced difficulties financing recurrent and capital expenditure commitments, including

salaries. After devolution, county governments inherited the range of revenue sources available to the former LAs and several of the human resource and systems formerly employed in revenue collection functions. However, counties also inherited significant debts, non-productive work cultures and ineffective administrative practices. The county government OSR contributes only up to 12-13% of the total financing of county governments, with increasing dependency on funds transfers from the exchequer. This has raised concerns that own-source revenues are not commensurate with the scale, growth and nature of the expanding economic activity at the county level and with the expanding value of the tax/fee base (Adam, 2018).

Furthermore, research has indicated that 41 counties are raising less than 40 per cent of their estimated revenue potential, while six counties collect between 50 and 88 per cent of their estimated revenue potential. (County Own Source Revenue Report [COSRR], 2019). Further, during the 2019-20 financial year, only five out of the 47 counties met and exceeded their annual revenue targets (Controller of Budget [CoB], 2020). According to Sengupta et al. (2021), most existing studies on revenue collections tend to focus on the challenges and opportunities of revenue collection in general terms, without providing a detailed analysis of the revenue collection systems itself.

Similarly, Pescador and Caelian (2022) noted that while revenue collection is a crucial component of local government finance, most studies have not delved deeply into the revenue collection systems in place, thus leaving a gap in the literature. Additionally, Dhungana and Acharya (2021) argue that there was a need to investigate the revenue collection systems in devolved governments to better understand their effectiveness and make recommendations for improvement.

### **1.1.1 Government Policies**

In Kenya, the relationship between revenue administration and county revenue development is significantly shaped by government policy. Whether or not improvements in administrative practices result in sustainable revenue growth is determined by the legal and institutional framework established by national and county-level policies, which also establishes the parameters of revenue assignment, collection processes, and enforcement mechanisms (CRA, 2022). The incentives counties have to improve their own-source income mobilization are influenced by policy direction for intergovernmental fiscal transfers and equitable share allocations, which can either boost or decrease the relationship between administration and growth (IGRTC, 2025).

Furthermore, empirical research on the performance of county revenue collection has shown that policy interventions that encourage the adoption of cashless revenue systems, improve compliance frameworks, and require the use of ICT have increased the efficacy of county revenue reforms (Okoth, 2023). The influence of administrative procedures on financial results is further supported by government programmes that offer capacity building, streamline taxation, and give county revenue officials performance-based incentives (Kamau, 2023). As a result, policies serve as crucial moderators that either strengthen or weaken the relationship between revenue management and growth in Kenya's devolved units.

### **1.1.2 Revenue Growth**

The implementation of digital revenue collecting systems is a major factor contributing to Kenya's county own-source revenue (OSR) growth. Utilizing electronic billing, e-payment, and integrated revenue management platforms has expanded the taxpayer base, decreased leaks, and increased efficiency (PwC Kenya, 2024; KIPPRA, 2024). By streamlining procedures, these advances help citizens fulfil their tax obligations. The

upgrading of GIS mapping and property valuation rolls is another motivator. Older valuation methods in several counties resulted in low property rate collection. Property tax revenues have increased dramatically since the adoption of contemporary valuation techniques, which are aided by digital cadasters and GIS mapping (World Bank, 2021; CRA, 2022). To guarantee that property taxes reflect the state of the market, valuation rolls are updated on a regular basis.

It has also been shown that diversifying the revenue base is crucial. Stronger revenue growth is typically seen by counties that expand their income streams to include parking fees, development levies, and service charges in addition to the more conventional market fees and business permits (World Bank, 2021; CRA, 2022). Additionally, the rationalization of fees and levies to prevent overlaps has improved predictability and compliance. Strengthened legislative and policy frameworks further support the expansion of OSR. To properly enforce collections, counties must have clear local legislation, bylaws, and consistency with national policies like the Draft National Policy to Support Enhancement of Local Governments' Own-Source Revenue (National Treasury, n.d.; CRA, 2022). Credibility and consistency in revenue procedures are guaranteed by policy support.

Additionally important are enforcement and capacity building. Improving enforcement tactics, automating billing systems, and training revenue employees all increase compliance and reduce evasion (KIPPRA, 2024; World Bank, 2021). Stronger owned source of revenue (OSR) performance was reported by counties with efficient enforcement measures, such as sanctions for non-compliance. Urbanization and the expansion of local economic activities have also had an impact on OSR growth.

Business permits and service fees naturally bring in greater money for counties with thriving commerce, business expansion, and infrastructure development (World Bank,

2021; CRA, 2022). OSR performance is therefore intimately related to more general economic dynamics. Lastly, taxpayer trust, accountability, and transparency encourage voluntary compliance. People are more inclined to pay when they observe county governments using their funds to provide services in an efficient manner (CRA, 2022; PwC Kenya, 2024).

The County Government of Marsabit (CGM) obtains its revenue from taxation, license fees, permit fees, CESS and other legal sources. However, the overreliance on funds from the national government through the exchequer and calling for county allocations has increased, indicating challenges in revenue collection at the county level. Non-compliance with the tax collection has been determined to be a key determinant of revenue collection constraints for the county government, hence hindering progressive revenue growth.

## **1.2 Statement of Problem**

The Kenya 2010 Constitution transferred selected political and administrative mandates to bring services closer to citizens in the hope for better and efficient service delivery (Guma, 2019). However, part of this mandate to impose, harmonize and collect taxes locally has been ineffective for proper service delivery in county governments. There is weak human resource capacity for revenue budgeting, inadequate support from the National Government, non-automated revenue collection methods, inappropriate systemic and institutional arrangements for revenue collection, narrow tax bases and inadequate information sharing at intergovernmental levels (CoB, 2018).

According to the Office of the Controller of Budget (OCoB, 2022), the County Government of Marsabit recorded varied performance in revenue collection between FY 2017/2018 and FY 2021/2022. In FY 2017/2018, the county surpassed its target of Ksh. 120 million by collecting Ksh. 129.6 million. The following year, FY 2018/2019,

revenue dropped sharply to Ksh. 83.6 million against a target of Ksh. 140 million. In FY 2019/2020, the county collected Ksh. 126.7 million, still below the set goal of Ksh. 170 million. In FY 2020/2021, performance further declined, with Ksh. 110.3 million collected against a target of Ksh. 150 million. The lowest performance was in FY 2021/2022, when only Ksh. 78.3 million was realized against a target of Ksh. 170 million. Overall, the trend shows an initial surplus in 2017/2018, followed by consistent underperformance and widening shortfalls in the subsequent years.

The Controller of Budget cited poor budgeting and planning by the County Government of Marsabit (Kahari, Gathongo, and Wanyoike, 2015), which was against the Public Finance Management Act (2012) that establishes fiscal responsibility principles for the venue departments within the county government. Despite the importance of revenue collection administration in promoting efficiency in service delivery and economic development of county governments in Kenya, there was a lack of research that assesses the revenue growth of this revenue administration in Marsabit County and identifies the factors that affect their efficacy.

The existing studies tend to focus on the challenges of revenue collection and application (Adu, E. P., Buabeng, T., Asamoah, K., & Damoah, C. M., 2020) without providing a detailed analysis of the revenue collection growth over a period of time. Hence, this study attempts to bridge the contextual information gaps relating to revenue collection and administration vis-à-vis revenue growth in county government. Therefore, there was a need to examine the revenue collection administration and revenue growth patterns of the County Government of Marsabit.

### **1.3 Purpose of the Study**

The purpose of this study is to examine the effectiveness of revenue collection administration and its impact on revenue growth in the County Government of Marsabit,

Kenya. The study aims to identify key administrative practices, challenges, and reforms influencing revenue performance, with the goal of informing strategies to enhance sustainable local revenue generation and financial autonomy.

#### **1.4 Objectives of the Study**

This study was guided by the following objectives;

##### **1.4.1 General Objective**

To assess revenue collections administration and revenue growth in the County Government of Marsabit, Kenya.

##### **1.4.2 Specific Objectives**

- i. To evaluate the role of staff competencies on the revenue growth in the county government of Marsabit.
- ii. To assess the effect of automation on revenue growth in the county government of Marsabit.
- iii. To investigate the effect of the internal control system on the revenue growth in the county government of Marsabit.
- iv. To establish the moderating effects of government policies on the relationship between revenue collection administration and revenue growth in the county government of Marsabit.

#### **1.5 Research Hypotheses**

The study was guided by the following null hypotheses.

**H<sub>01</sub>:** Staff competencies have no significant role on the revenue growth in the county Government of Marsabit.

**H<sub>02</sub>:** Automation of revenue collections have no significant effect on revenue growth in the county Government of Marsabit.

**H<sub>03</sub>:** Internal control systems have no significant effect on the revenue growth in the county government of Marsabit.

**H<sub>04</sub>:** Government policies have no significant moderating effect on relationship between revenue collection administration and revenue growth in the County government of Marsabit.

### **1.6 Justification of the Study**

This study is justified by the persistent revenue shortfalls facing Marsabit County, which undermine effective service delivery despite the county's potential to raise substantial own-source revenues. Weak staff capacity, limited automation, and inadequate internal controls have been identified as key administrative barriers to revenue growth. By examining the influence of staff competency, automation, and internal control systems on revenue collection administration, the study fills an important knowledge gap while generating practical, evidence-based recommendations to strengthen fiscal capacity. The findings are expected to guide county leadership and policymakers in implementing targeted reforms that promote sustainable revenue growth and enhance service delivery.

### **1.7 Significance of the Study**

The result of this research study offers helpful information for policymakers, practitioners, and researchers seeking to improve the revenue collection administration in county governments in Kenya as well as service recipients in counties. The policy makers, especially the office of the controller of budget, are beneficiaries from the recommendation of this study in areas of revenue collection and the necessary policy framework required to improve revenue collections in counties. The study also provides useful understanding of the challenges in the environment affecting optimal revenue collections and mechanisms for strengthening the process, systems and procedures for better revenue collections.

The other beneficiaries of these research findings are the counties' revenue staff, elected governors, members of county assemblies, county executive committee members, budget committees and finance and economic planning departments, among others, to optimize revenue collection administration. Staff and management are important to learn from the research findings in the areas of staff competencies and subsequent capacity development if recommended. Further, the research helps to provide the existing literature relating to revenue collection administration, human capital requirements and the support services provided by the information technology in revenue collection efficiencies.

Finally, the study can provide a basis for future research on revenue collection administration in other counties in Kenya and other developing countries facing similar challenges. To the central government, the research outcome is of importance in assisting the county governments to overcome their own sources of revenue collection challenges so as to fulfil the forecasted revenue collection budget. More importantly, the study's conclusions are helpful to county service providers and other stakeholders in improving service delivery to the residents of the county.

### **1.8 Limitation and Delimitation of the Study**

In this study on revenue collection administration and revenue growth in Marsabit County, the limitations refer to the challenges that may have affected the findings, such as the possibility of response bias from participants, non-responses to questionnaires, and limited availability of some financial data, which may influence the generalizability of the results. The delimitations, on the other hand, define the boundaries deliberately set by the researcher, including focusing on Marsabit County, examining the period under study, and restricting the analysis to specific variables such as staff competency, automation, and internal control systems. Together, the limitations and delimitations clarify both the

constraints and the scope of the study, ensuring that the findings are understood within the defined context

### **1.8.1 Limitations of the Study**

The study faced several limitations that may have influenced the outcomes. One key limitation was the possibility of response bias, where some participants may have provided answers that appeared more socially or politically acceptable rather than reflecting the actual situation on the ground. Another limitation arose from the non-response of a few participants who did not return the questionnaires, which slightly reduced the overall response rate and affected the representativeness of the findings. In addition, the study relied heavily on self-reported data, which is subject to personal perceptions, memory lapses, and the potential withholding of information, thereby constraining the accuracy and completeness of the results.

### **1.8.2 Delimitation of the Study**

The study was delimited to the use of both closed-ended and open-ended questions, supplemented with secondary sources to enhance objectivity and ensure comprehensive data. In addition, the researcher delimited the scope by guaranteeing confidentiality and clarifying the academic purpose to participants, which helped to reduce but not entirely eliminate potential biases in responses. To further strengthen the validity of the findings, the study was also delimited to the use of data triangulation, application of validated instruments, and the control of known external events in the analysis.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

The theoretical framework underpinning the study's foundational understanding of the assessment of revenue growth was provided in this chapter. Empirical literature on prior studies in this field was analyzed with a view of highlighting any existing gaps that needed to be filled. Further, the conceptual framework of the study was described, showing relationships between various variables of the study.

### **2.2 Theoretical Literature Review**

Human capital theory, technological determinism theory, agency theory and models on government policies were the theories on which the study was based. The conceptual framework was created and designed based on the specific objectives' statements. The theoretical literature review is crucial in providing a theoretical basis for the planned investigation on revenue collection administration against revenue growth in the county government of Marsabit.

#### **2.2.1 Human Capital Theory**

Although Adam Smith provided some of the fundamental concepts for Human Capital Theory (HCT), Gary Becker was the main developer of the theory in the early 1960s. Similarly, investments in physical capital boost were the results of machines; the theory suggests that investments in health, education, and training also boost the productivity and efficiency of persons. The idea is that people are capital assets with the ability to produce economic value through their abilities, knowledge, and skills.

In the same way, the goal of the human theory was to explain how people's economic productivity is influenced by their education and training, to support both public and private investments in human development, and to provide a framework for examining

labour market results, pay, and employment choices. By offering empirical models for comprehending earnings disparities, introducing a quantitative method to assess education and training as financial investments, and ultimately bolstering workforce development, education planning, and skills training policies, the theory also transformed labour economics.

The theory's detractors claimed that it is over individualistic, ignores structural injustices like gender, race, and class, and frequently undervalues the institutional and social elements that affect opportunities and educational access. Additionally, some education experts assert that the theory of human capital ignores social, emotional, and cultural aspects in favour of reducing human value to only economic productivity (McLean and Kuo, 2014). Regarding the administration of revenue collection, Human Capital Theory offers a theoretical framework for assessing the direct effects of employee competences, including information technology proficiency, financial literacy, and compliance comprehension, on organizational efficacy and efficiency. It argues that spending money on employee training and development is necessary to boost revenue performance and service delivery.

### **2.2.2. Technological Determinism Theory**

According to the theory of technological determinism, technology is the main force behind societal development. According to the notion, people's thoughts, behaviours, and interactions are influenced by technological innovation, which in turn changes social structures and cultural values. The American sociologist and economist Thorstein Veblen (1857–1929) is most closely linked to this theory, which was further developed by academics like Marshall McLuhan (1964) and Marx, K., & Engels, F. (1848/2002). Explaining how technical developments impact or dictate the trajectory of societal evolution is the primary goal of technological determinism. It frequently overlooks

reciprocal influences, which are the ways in which society influences technology, in favour of highlighting the unidirectional effects of technology on society. Sociology, communication studies, and media studies have all reaped substantial benefits from technological determinism. It offers a fundamental perspective for examining the connection between innovation and institutional change, particularly as it relates to how organizations such as businesses and governments adapt to new instruments and systems. The reductionist and deterministic approach of the theory has drawn criticism since it frequently ignores socioeconomic, cultural, and human agency components. Critics claim it overemphasizes the role of technology while ignoring the ways in which social, political, and economic factors impact technical advancement. Technological determinism is pertinent to this study because it backs the notion that developments in information technology (IT), such as automated tax filing, digital payment systems, and data analytics, can revolutionize the way the county governments collect taxes. It aids in framing IT as a primary driver for institutional transformation in tax collection systems in Kenyan counties, rather than just a supplementary tool.

### **2.2.3. Agency Theory**

Agency Theory, which was created by Jensen and Meckling in 1976, discusses the connection between principals, or owners, and agents, or managers, in which there could be conceivable conflict of interest due to different objectives and risk tolerances. The idea emphasises how when an agent fails to behave in the principal's best interest, the principal-agent issue occurs. At the Centre of the theory are agency costs expenditures that are incurred to align interests or supervise agent behaviour. The primary goal is to lower these expenses by using tools like contracts, rewards, and surveillance systems. The principal-Agent Relationship focuses on the interactions between principals, such as shareholders or government entities, and agents, like managers or administrators, who

are tasked with making decisions on behalf of the principals while facing challenges in aligning their interests. Agency Costs refer to the financial and resource expenditures incurred to mitigate conflicts of interest between principals and agents, including the costs of monitoring, enforcing agreements, and ensuring that agents act in ways that align with the principals' goals. Agency Theory underscores the importance of governance mechanisms, such as well-designed contracts, performance monitoring, and incentive alignment strategies, to guarantee that agents' actions are consistent with the objectives of the principals and minimize the agency costs.

The interactions between principals, like shareholders or governmental bodies, and agents, like managers or supervisors, who are charged with the responsibilities of making decisions on the principals' behalf while juggling conflicting interests, are the subject of the principal-agent relationship. Agency costs are the monetary and material outlays made to reduce conflicts of interest between principals and agents. Among these costs are those associated with oversight, agreement enforcement, and making sure agents behave in a manner consistent with the objectives of the principals. To ensure that agents' actions are in line with the interests of the principals and to reduce agency costs, Agency Theory emphasises the significance of governance mechanisms such carefully draughted contracts, performance monitoring, and incentive alignment measures.

By ignoring the complexity of human behaviour and the larger social environment in which decisions are made, critics of agency theory contend that it oversimplifies complicated interactions. Although the theory presumes that agents and principals behave rationally, this presumption might not always be accurate in practical scenarios when decision-making is influenced by emotional, social, or psychological factors. Some detractors argue that Agency Theory over emphasises money incentives at the expense of other crucial elements like moral conduct, societal responsibility, and non-monetary

incentives that might influence choices. Understanding agency theory is crucial for comprehending organizational behaviour, especially in settings like revenue collecting systems where choices are delegated. It adds to a number of disciplines, such as political science, management, and economics, by providing information on how to reduce conflict and guarantee effective decision-making.

The framework that Agency Theory offers for comprehending the interaction between the administrators or tax collectors (agents) and the government bodies (principals) makes it extremely pertinent to revenue collection systems. A misalignment between these parties may result in corruption, inefficiencies, or poor revenue collection performance. In order to improve tax collection results and lower agency costs in public administration, policymakers can utilize Agency Theory to create better contracts, monitoring systems, and incentive structures.

#### **2.2.4 Models on Government Policies**

Frameworks for comprehending how government acts affect political, social, and economic outcomes are referred to as government policy models. These models assist in the explanation of the procedures used in the creation, application, and evaluation of policies. The idea has expanded to include a number of models, including incrementalism, mixed scanning, and the rational model. These models were created by academics such as Lindblom, C. E. (1959) and Simon, H. A. (1979) on incrementalism and the rational model, respectively.

The purpose of these models is to shed light on public sector decision-making procedures, particularly those pertaining to revenue collecting and distribution systems. Many academics have created government policy models over time in an effort to clarify the intricacies of governmental decision-making and its effects on society. For example, Herbert Simon developed the rational choice model, which placed a strong emphasis on

making decisions based on facts and a careful analysis of available options. Charles Lindblom, on the other hand, developed the incremental model, which postulated that because of knowledge and resource constraints, policy decisions are frequently taken in gradual steps.

Understanding the complexity of policy development, analyzing governmental decision-making, and offering frameworks to improve policy implementation, particularly in economic sectors like tax collection and government spending, are the primary goals of government policy models. In public administration, government policy models are crucial because they shed light on how economic results are influenced by governmental decisions. These models are essential for academics and professionals involved in policymaking and evaluation, particularly in fields that need effective revenue collection mechanisms.

Government policy models are sometimes criticized for oversimplifying the decision-making process. The rational approach is criticized for failing to take into consideration social and political influences on policy choices. It has also been said that the incremental paradigm is overly conservative and ignores pressing societal issues that call for more substantial changes. The study of revenue collection is especially pertinent to the implementation of government policy frameworks. To comprehend the creation, modification, and application of tax legislation and collection techniques, effective policy frameworks are required. Knowing these models will make it easier to assess the advantages and disadvantages of the policies in place in African nations, particularly when it comes to internal controls and technology integration that affect revenue collection systems.

## **2.3 Empirical Literature Review**

Many empirical investigations were determined to help the study under review by strengthening it correctly and therefore creating a solid base. The current study reviewed these earlier studies under the headings of staff competences on revenue growth, automation on revenue growth, internal control systems on revenue growth and government policies on revenue growth

### **2.3.1 Staff Competences and Revenue Growth**

Abosedo, S. C., and Adesanya, A. O. (2017) state that self-efficacy and problem-solving abilities have an effect on secretaries' job performance in the Nigerian public sector of Ogun State. According to the authors' findings, self-efficacy and problem-solving abilities are important components of job performance and have a considerable and beneficial impact on it. The outcome showed that the predictor variables (self-efficacy and problem-solving skills) explained the job performance of secretaries in the Ogun State public service, which suggests that self-efficacy and problem-solving skills together have a significant predictive value for secretaries in the Ogun State public service.

According to Fakhari, H., Ismail, S., Yussof, I., and Hassan, H. (2022), study the relationship between staff competency, support services, and VAT collection performance in Malaysia. The study's findings, which emphasize the significance of managerial performance as a mediating element, showed that staff competency favourably improves VAT collection performance. This emphasises the need for a revenue collection entity to have skilled employees and efficient administration. Staff competency is a vital component of efficient tax collection and administration in Africa, as the research study constantly shows. To improve revenue performance throughout the continent, it is imperative to make investments in ongoing training, development, and assistance for revenue collection staff (Fakhari et al. 2022). Enhancing employees' technical knowledge and skills through training programmes is crucial for providing them with the

opportunity to learn new information, grow as professionals, and develop new talents. (Majeed, Abdulai, and Wumbei 2018)

According to Shams, B., Eslami, A., Shamsi, A., and Saeidi, M. (2020), training is a methodical strategy to improve one's abilities, skills, and attitude in order to upscale one's ability to work as a team in an institution. Accordingly, the modifications and development of acquiring knowledge, skills, and attitudes via practical experience are being made in an organized campaign to attain successful performance in a variety of pedagogical exercises designed to impart the knowledge, skills, and attitudes necessary for a particular performance that is frequently ignored (Sweeney, A., Weaven, S., Herington, C., & Soutar, G. N. (2019). Jepkoech, J., Tibbs, C. Y., & Tsuma, E. (2021), investigated the connection between Nandi County's revenue collection efficiency and the competency of its revenue employees.

According to the research study results, revenue collection efficiency was positively and significantly impacted by the competency of the revenue staff. Similarly, so as to improve the services provided to residents, the research study also identified the prerequisite for the employees to be trained in information and communication technology (ICT). According to Kirer, G., Cheruiyot, P., Rop, W., & Langat, P. (2024), the efficacy of revenue collection was greatly impacted by the knowledge, expertise, and training of revenue professionals. This study examines how the competencies of revenue collectors relate to the attainment of own-source revenue goals in a subset of Kenyan county governments.

Similarly, the research study results noted that the counties with skilled and knowledgeable employees possess a greater likelihood of hitting or surpassing their income goals. By emphasizing human capital as a crucial internal component influencing revenue success, this study adds to the larger conversation on tax collection

administration in Africa. It offers insightful information to policymakers who want to improve local revenue systems by increasing staffing and capacity. Research on staff competency continuously shows that staff performance is an important part of efficient revenue administration and collection in Africa. To improve revenue performance throughout the continent, it is imperative to make investments in ongoing training, development, and assistance for revenue collectors. (Kirer et al., 2024)

Martinez, L. C. (2025). Two skills that demonstrate management potential, according to a Salesforce talent executive. This article emphasises the importance of task management and teamwork as critical abilities for prospective managers, in accordance with the managerial competencies' human relations component. Martinez also emphasises the importance of lifelong learning and skill enhancement, especially in the field of artificial intelligence (AI), in order to stay competitive in the changing labour market. Successful managers are highly skilled in human interaction, have a thorough awareness of the needs of their teams, and create an atmosphere in which team members may collaborate easily. Hagemann, V., & Kluge, A. (2017) assert that resolving difficult issues calls for a demanding and advanced cognitive procedure on the part of people.

According to the findings, there is no connection among the procedures of effort, teamwork, and trust, which are all important factors. Cohesion showed no link either. Collective orientation, which was influenced by such action processes as team coordination, was the sole trait of team members that was found to favourably influence team performance in complex contexts. Muriuki, J. W., Komen, J., & Cheruiyot, T. (2017). Corporate governance's impact on Kenyan state corporations' organizational performance. To improve the performance of state businesses in Kenya, the CEO-board chair relationship and board members' possession of pertinent knowledge and skills are essential.

In contrast, without the previously indicated elements, simply having leadership roles or encouraging a team production culture inside the board could not be enough to promote performance improvements (Muriuki et al., 2017). Simiyu, D. (2021) examined the variables influencing the collection of turnover tax in Nairobi County and found that dishonest county government officials were driving cartels that engaged in tax avoidance and evasion to avoid paying taxes to the county government. The county government suffered significant revenue losses as a result of widespread tax fraud and avoidance since bribery controlled the finance department of the county government. Owino et al. (2017) concurred, noting that corruption has been identified as the main obstacle to effective tax collection, particularly at the county government levels.

Muchelule, Y., Karihe, J., Were, S., and Kamweru, R. W. (2023). Employee performance and educational diversity in Kenyan county governments. The impact of educational diversity on employee performance in Kenyan county governments is examined in this study, which also suggests strategic policy changes to encourage diversity. Implementing regulations that hold management responsible for promoting inclusivity is one way to do this. In particular, to improve performance, hiring procedures should give priority to individuals' achievements and varied educational backgrounds. According to the study's findings, academic achievement is thought to be positively correlated with employment performance.

The study came to the conclusion that academic achievement and employee performance are positively correlated. Yelipele, S., Ibrahim, M. B. H., & Mustajab, D. (2024), the impact of work motivation, experience, and competence on teachers' ability to perform. In order to support the claim that professional competence and work motivation are related to schoolteachers' performance, it was demonstrated that there was a strong positive correlation between instructors' professional competence and performance as

well as between their professional competence and motivation for their jobs. Further, the study also indicates that increasing teacher competency through focused training and development initiatives is essential to raising teacher effectiveness. Optimizing schooling achievements can also be achieved by increasing job motivation and utilizing work experience. To establish conditions that support teachers' growth and effectiveness, policymakers and educational leaders should concentrate on these areas. (Yelipele and others, 2024)

### **2.3.2 Automation and Revenue Growth**

Nyoka, Salifu, and Laar (2023) state that the Kassena-Nankana Municipal Assembly (KNMA) of Ghana has to overcome the difficulties of manual revenue collection methods by creating an electronic payment (E-payment) system to improve revenue mobilization. The study's results demonstrated how electronic payment systems can revolutionize revenue collection procedures by making them more effective and user-friendly. The long-used manual systems are currently being replaced with automated technologies. In order to compare the new automated systems to the earlier manual methods, it would be helpful to determine the new automated systems' value for money.

This is because there are significant contextual variations between industrialized countries, where automated systems have been in use for a while, and emerging countries (Nyoka et al., 2023). In order to improve local tax collection and management in Ugandan local governments, the United Nations Capital Development Fund (2021) introduced the Integrated Tax Administration System (IRAS). The effort was designed to solve issues that had historically impeded local revenue mobilization, such as low staffing levels, insufficient resources, and manual collecting procedures. Increased local income collection from the adoption of IRAS was anticipated to lessen the reliance of local governments on transfers from the federal government and improve their capacity

to fund development and service delivery initiatives locally. The system's goal in automating tax collection was to reduce income leaks from manual operations and enhance local fiscal management in general.

Ahmed, S. E. (2023), the connection between Kenya Revenue Authority revenue collection and automation.

Increased variability in revenue returns following the deployment of iTax suggests a more dynamic revenue-collecting environment after automation. Average quarterly revenue collection was positively impacted both during and after the iTax deployment phase. According to Ahmed, S. E. (2023), the report recommends that the Kenya Revenue Authority concentrate on tactics to encourage taxpayer adoption of iTax in order to maintain and improve revenue growth. This involves putting in place marketing campaigns and training programmes to motivate more taxpayers to make efficient use of the automated system.

In their study "Influence of Automation on Revenue Collection by the County Government of Nakuru, Kenya", Henry, J. O., and Bogonko, J. (2018) looked at how the implementation of automated systems affected the efficiency of revenue collection in Nakuru County. The results highlight the significance of implementing automated systems in revenue collection to increase efficiency and effectiveness, which may be helpful for other counties looking to improve their revenue collection procedures.

The cost of tax administration, automation, and the efficiency of revenue collection have all been shown to benefit from revenue administration automation. Chemutai, S., Miroga, D. J., & Juma (2024). The Lake Region Economic Bloc's digital tax filing and revenue collection among county governments highlights the need for a variety of strategies to improve revenue collection in Kenyan county governments. Investing in the skills of tax-collecting staff, involving the public in budgeting procedures, embracing and

successfully implementing technology solutions, and bolstering institutional capabilities are important tactics. Governments can increase their revenue collection levels by using automated technologies (Chemutai et al., 2024). In turn, this would help fund initiatives that would contribute to a nation's sustainable development for the purpose of eradicating poverty and generating prosperity.

Reducing redundancy, dramatically increasing collections, and standardizing the collection process are all benefits of consolidating tax collection services (Kenya Revenue Authority [KRA], 2017). This type of tax system has a number of issues, including tax avoidance and evasion, errors in taxpayer payments and tax return details brought on by manual processing of returns, and lengthy lines experienced when filing tax returns at Kenya Revenue Authority offices, all of which result in significant financial losses for the government and consequently low revenue collections (KRA, 2018).

Greater attention on revenue management is a benefit from the PFM Act and the CGA (County Government's) accessible instructions. When county corporation regulations are properly constructed, conflicts of interest between developing and implementing revenue policies can be eliminated. Given that an authority or business has fixed costs, choosing this option could hurt smaller counties with limited owned source revenue (OSR) potential since they might be obliged to raise taxes, fees, and other levies to meet the costs. requires the passage of a county enabling law.

#### **2.3.4 Influence of Government Policies on Revenue Growth**

Administration of revenue collection is governed by relevant laws and policies. Governments put in placed policy framework that guides revenue collections from tax payers in every given economy. The efficacy of the revenue collection mechanisms

largely depends on various resources and control systems that enables the revenue collection effort to be successful.

A sound revenue administration system ensures compliance through a balance of dependable services, education, focused audit and enforcement actions. Revenue administration ought to be adequately resourced, effectively managed, and be independent from political processes so as to maximize tax collection in compliance with the law at the lowest administrative cost and compliance cost that can be incurred by both the government and the taxpayer ( Elke Asen, 2021). Given the significance of revenue collection and eventual utilization, number of nations started reforming their income administration in the 1980s and 1990s. The revenue administration reforms in Middle Eastern nations between 1994 and 2004 including Egypt, Lebanon and Jordan were some typical examples.

The revenue administration reforms had shown improved revenue performance namely, more equitable distribution of the tax burden across the communities, greater consistency and fairness for business and individuals, the ability to implement fiscal reforms, lower compliance costs for taxpayers, increase in the number of taxpayers and a decrease in tax evasion and fraud. There were also improvement in the management of tax arrears and consequent improved services for tax payers (Lubchenco & Haugan, 2023).

Elsewhere, research has also cited critical conditions for an effective revenue administration reform to include strong political commitment to reform, provision of necessary resources; professional and stable leadership; readiness for up taking modern technology, and establishment of formal reform project ( Ng'ang'a, I. N., Kituku, G., & Miluwi, J. (2024).Locally, Kenya Revenue Authority (KRA) revenue administration reform and modernization Programme (RARMP) in its corporate plan of 2009/10 - 2011/12 targeted Business Process Improvements and broadening of the scope of

electronic interaction with taxpayers to improve employee productivity and taxpayer service.

The result of the Programme has led to more information technology-based tax services and hence improved efficiency of tax collection (IMF, 2015). At the time of its independence, Kenya inherited a system of Local Authorities (LAs) whose foundation was the Local Government Act (Cap. 265) rather than the Constitution. The Local Government Act (Cap. 265, sections 216 and 217), which gave LAs the authority to create and manage a General Rate Fund, is one of the legislative instruments that gave LAs the ability to raise money (CoK. 2010).

After devolution in 2010, The County government focused on Owned Source Revenue (OSR) collection within a legal and institutional framework to supplement national government allocations. Variety of taxes are collected by county governments, including property taxes and rates (land rates & land rent), entertainment taxes, User fees and charges including, single business permit, parking, market access, and liquor licenses) among others. Both the PFM Act (2012) and the Constitution supported revenue collection by the County Government (Const. 2010 Article 99).

Further, a County Model Revenue Legislation Handbook was created by the Commission on Revenue Allocation (CRA) in collaboration with the Kenya Law Reform Commission (KLRC) and the Council of Governors (CoG). It contains model legislation on property rates, trade licensing, revenue administration, and finance law (CRA, 2021).

There was general concurrence on the need for strong policy framework to govern self-generated income of counties. However, smallness of Counties' Owned Source Revenue (OSR) and its declining share in relation to total resources was as an issue. Besides, the Counties planning and budgeting for local revenue, legal concerns with some revenue-raising measures, the short- and long-term fiscal and macroeconomic ramifications of the

measures and the utilization of the collections as well as reporting and accounting procedures needed more policy directions and compliances (National Treasury, 2017).

### **2.3.5 Revenue Growth**

Globally, the ability of local governments to maintain their financial stability was now understood to be of utmost significance in guaranteeing that public services can continue to be provided to present and future generations. Although many countries have implemented programmes to enhance their financial sustainability, local authorities are characterized by differing administrative traditions and achieve diverse outcomes in response to the reforms made (Smith, 2017).

Institutional policies, administration, macroeconomic and microeconomic factors influence local authorities' financial sustainability in England and Spain (Rodríguez Bolívar, M. P., López-Subires, M. D., Alcaide Muñoz, L., & Navarro Galera, A. (2021). Revenue growth in any economy stands as a vital component in government activities' smooth running. A percentage increase from a specified beginning point is used to calculate revenue growth.

It is displayed in revenue collection, excise obligations, customs obligations, stamp obligations, government fees, and other sources (Enache, 2020). Developing nations have set higher revenue goals and sensible policy objectives for effective income realisation and usage. Due to leakages in revenue collection and poor revenue administration, there is a financial gap which jeopardizes realizing Sustainable Development Goals globally.

The bank advocates that this financial gap can only be met through increased and empowered private sector investment in enacting sustainability for revenue growth. The mobilization of local government revenue growth in countries like Rwanda and South Africa was found to be hampered by poorly defined tax bases, the absence of tax handles,

inadequate local government tax enforcement mechanisms, discretionary transfer systems, perceived corruption, poor administration and limited accountability (Wawire, 2020; IMF, 2019).

Studies further revealed that own-source revenue mobilization in East African countries was impeded by the general absence of voluntary compliance among taxpayers, weak relationships between tax policy and national development objectives, and difficulties with tax administration (Wawire, 2020; IMF, 2019). Several nations, notably Senegal, Nigeria, Liberia, Cape Verde, Mauritania, and Kenya, have been able to establish stronger anti-abuse measures from the World Bank Group currently under the Global Tax Program to enhance revenue growth. According to Economic Community of West African States reports (ECOWAS, 2017), there has been large revenue growth through proper revenue administration. United Nations Economic Commission for Africa. (2019). Reforming taxes and digitizing the secret to funding the evolution of Africa. The study research emphasises how urgent it is for African nations to expand and widen their tax bases while utilizing digital technologies to improve compliance and collection. It makes the case that improving tax administration through digitization, lowering ineffective tax incentives, and coordinating fiscal policy with the business cycle can all boost government income. The viewpoints provided by these resources are helpful on the obstacles and tactics related to augmenting domestic revenue mobilization in developing nations. Information technology is also being more widely used in various government sectors in Africa, facilitating the revenue growth.

Tax administrations frequently spearhead the introduction of technology in many nations and digitalization relative to other governmental entities (World Bank, 2018). A strong technological adoption rate means it is intended to shift tax management from using a manual method, which is characterized by the tax officials' discretion among taxpayers,

laborious data entry that is more prone to errors, and the identification of evasion on an individual basis, to a dependence on electronic systems, which include automatic identification of suspect activity, fast data for decision-making, and a more uniform and predictable experience for all taxpayers, all of which contribute to increasing revenue growth. The majority of counties disregarded the budgetary allocation caps for the fiscal year ending June 2022.

Additionally, they fell short of their own-source revenue (OSR) collection goal, bringing in a total of Sh35.9 billion instead of the planned Sh60.4 billion for the fiscal year. (ROK, 2022). According to National Treasury disclosures in the draft Budget Policy Document for 2023, "Only four county governments (Turkana, Migori, Lamu, and Vihiga) were able to gather over a hundred percent of their annual OSR target in the fiscal year."

According to research released in June 2022 by the Commission on Revenue Allocation (CRA), county governments might earn Sh215.6 billion annually, or six times what they actually took in during the previous fiscal year. The CRA assumes that while taking into consideration these restrictions, the use of automatic and cashless payment systems, in addition to the counties' simplification of taxation and fee structure, has the ability to stop leakages and restrict the volume of taxes that they may collect.

Adequacy in revenue collection is brought by own revenue streams, including tax and non-tax instruments like fees, Cess and charges. At various county levels, there has been a great deal of resistance to using own sources. However, on the revenue side of the budget, personal revenues offer a distinctive component of horizontal accountability of public officials to their citizens. The establishment of a fiscal culture of expenditure efficiency, avoiding resource waste and meeting local residents' needs and wants, as well as fiscal responsibility, putting restraints on an otherwise unbridled appetite for public

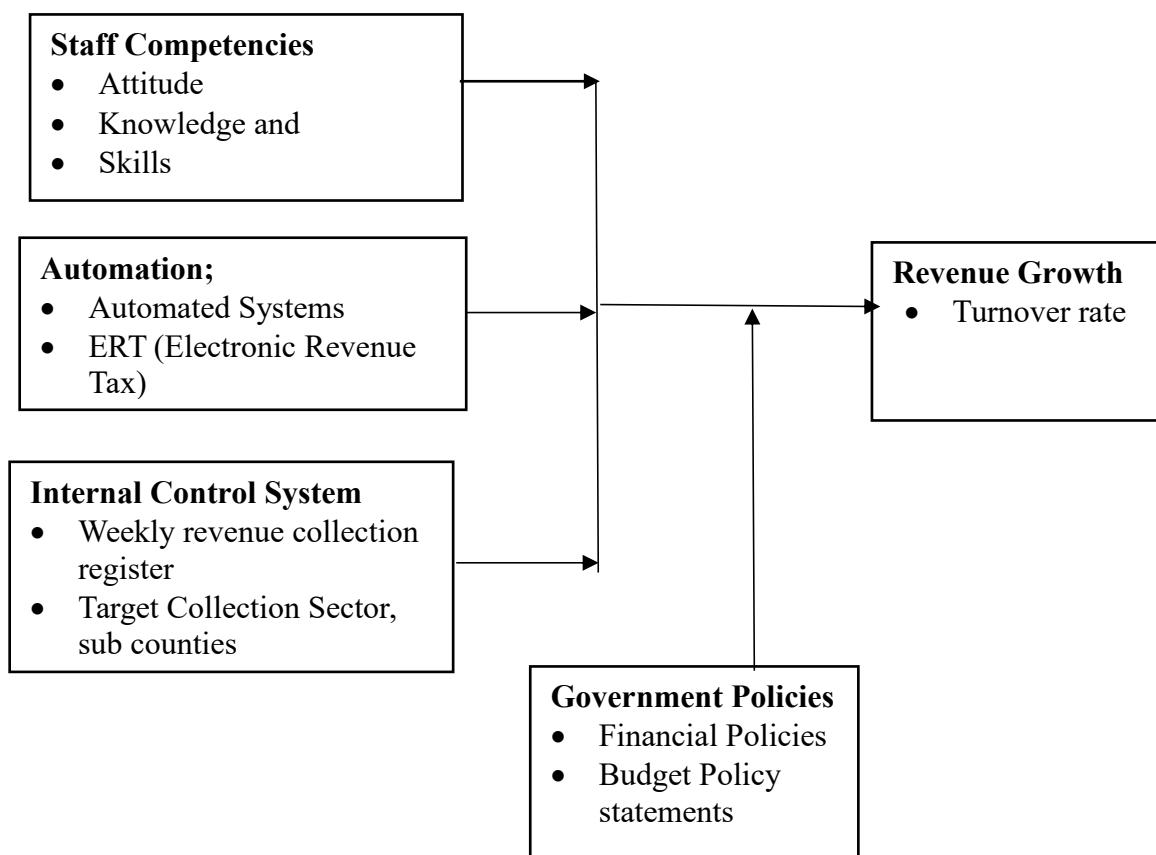
spending with persistent pressure for more central transfers and public debt, requires this accountability (UN-HABITAT, 2015).

## 2.4 Conceptual Framework

A conceptual framework is a diagrammatic presentation showing the independent and the dependent variables and how they are interconnected.

**Figure 1**

*Conceptual Framework*



**Independent Variable**

**Moderating Variable**

**Dependent Variable**

Four factors are thought to have an impact on revenue growth, as illustrated in figure 1.

First, staff competency was the key determinant since it entailed the staff's knowledge, skills and attitude to deal with the relevant targeted business people to collect adequate and meet the expected revenue target. The staff with adequate knowledge, skills and a favourable attitude help in dealing with the clients effectively, hence more revenue

collection. The key HR competences aid a company in differentiating its goods and services from those of its competitors as well as in cutting expenses relative to them to gain a competitive edge. It aids in generating value for the target customers. Additionally, key HR competences help in the development of new products/goods and services. These HR competencies significantly influence revenue growth in the study areas.

Secondly, automation is characterized by its accessibility, speed and accuracy. It helps institutions to enhance their services and procedures, which boosts their revenue growth accordingly. This enables the creation of new ideas on automated systems in revenue collection because accurate information is readily available and also communicates to the users in a timely and efficient manner to suit their needs. Keeping track of every Biashara (business transaction) between a supplier and a buyer is done by an electronic tax register (ETR), which is a virtual cash register. Automated systems become handy in ensuring adequate revenue collection and subsequently contribute to revenue growth in the county.

An internal revenue control system is used to handle all forms of revenue collected, including cash receipts and accounts receivable within the county of Marsabit. In order to avoid moral hazard, this control system is expected to monitor and control the revenue cycle. This is normally done through registers of the taxpayers in the case of the county government.

The target collections sector, like sub-counties, is required to be identified and recorded properly, weekly revenue collection registered and kept and reviewed by senior staff on time, and the tax register updated based on need. To guarantee the accomplishment of goals and objectives and also the implementation of efficient internal controls was essential for revenue growth in the county. The government policies are expected to

influence revenue growth by providing a legal and regulatory framework to guide the county revenue collection and growth effort.

Government policy is the set of institutional, legal, and regulatory frameworks that governments have put in place to direct service delivery and budgetary management. Internal processes such as staff competency, automation, and internal controls function within the framework of county governments, which are established by laws like the Public Finance Management (PFM) Act, budget circulars, and revenue mobilization guidelines. Government policy serves as a moderating element that either amplifies or diminishes the impact of these internal determinants on revenue growth outcomes, even though they have a direct impact on tax collecting efficiency. According to the World Bank (2020), the degree to which countries were able to minimize income losses was dictated by the fiscal strategies implemented during the COVID-19 pandemic.

Counties with favourable government policies, like tax breaks, budget flexibility, and conditional grants, were better able to handle revenue shocks than those without strong policy support, even with automated systems and trained staff. This demonstrates how, in the event of external shocks, policy can mitigate the link between internal capacity and revenue performance. In general, government policy stabilizes the equation for revenue growth. It establishes the favourable conditions for the efficient operation of internal controls, automation, and personnel competency.

While inconsistent or politically motivated regulations reduce the effectiveness of these internal forces, supportive, consistent, and enforceable policies increase their impact. Therefore, whether internal reforms result in sustainable county revenue growth depends heavily on the moderating effect of government policy. It is crucial to take into consideration extraneous variables – factors outside the main independent variables, like staff competency, automation, and internal control systems – when looking into sudden

declines in revenue growth at the county government of Marsabit. These factors nevertheless have a quantifiable impact on revenue outcomes.

Ignoring these factors can cause revenue shocks to be mistakenly attributed to administrative flaws when, in fact, larger contextual factors are at work. The COVID-19 pandemic caused significant declines in county own-source revenue between the years 2020 and 2022 by interfering with trades, mobility, and economic activity. Regardless of variations in automation or internal control systems, these decreases happened concurrently across all counties (World Bank, 2021; KNBS, 2022).

Shocks to security and conflict amongst communities disrupted Market days, displaced traders, and compliance staff are discouraged by localized insecurity, such as urban crime, livestock rustling, and tribal conflicts. For example, insecurity occurrences are blamed for significant yearly revenue shortfalls in northern Kenyan counties (Oyugi, 2020; County Government of Marsabit, 2022).

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1. Introduction**

This chapter describes the study design employed in the research under review. It also entails the scope of the study, target population, sampling procedure and sample size, and the research instrument, as well as pilot testing of the research instrument. The chapter also describes methods used for collecting data, analyzing data and logical and ethical issues of consideration in the research study.

### **3.2 Research Design**

The study's design is an important component of any study, as it provides a roadmap and structure for investigating research questions or problems (Kumar, 2011). This study adopts a descriptive survey design to conduct an in-depth evaluation of the situations, circumstances, and assessment of revenue collection administration and revenue growth in the County Government of Marsabit. Descriptive research was particularly suitable for describing and interpreting complex phenomena in real-life contexts, including behaviours, attitudes, and values (Kothari, 2008).

By utilizing this approach, the study aims to provide a detailed and accurate depiction of the current revenue growth and processes within the County Government of Marsabit. The descriptive data was needed to respond to the research enquiries on evaluating the staff competencies on the respondents' abilities, knowledge and attitudes in administering the questionnaires. To assess the effect of automation in relation to its effectiveness and efficiency in collecting the revenue.

To investigate the internal control system so as to reduce errors by setting protocols and procedures to minimize respondents' errors and make necessary modifications, and finally, to establish the moderating effects of government policies so as to ascertain the relationship between revenue collection administration and revenue growth in the county

government of Marsabit. The causal relationship between revenue collection administration and revenue growth in the County Government of Marsabit's revenue growth was further highlighted by descriptive statistics. Individual tests were conducted on each independent variable to determine whether any changes in the dependent variable could be attributed to any of the independent factors.

Descriptive research methodology, thus, was employed in the study. So as to gather the pertinent data for determining the assessment of revenue collection administration on revenue growth in the County Government of Marsabit, this was then designed to portray the characteristics of existing theories.

### **2.3.3 Internal Control Systems and Revenue Growth**

In "The Relationship Between Internal Control Efficiency and Organizational Goal Achievement of Local Government Organizations in Upper Northeastern Region 2 of Thailand", Phu-ra-hong (2022) investigates the relationship between the accomplishment of organizational goals in local government organizations and the effectiveness of internal control systems. According to the findings, improving internal control mechanisms is essential for local administrative organizations to successfully accomplish their objectives. First-hand information gathered via questionnaires was employed in the study for ease of data collection accordingly.

The impact of corporate governance, specifically the board of directors and Islamic Shariah compliance, on internal control systems in Jordanian companies was examined by Amayreh, I., Ananzeh, H., & Bugshan, A. (2024). The results show that frequent board meetings, Shariah conformity, auditor type, and board size all lessen significant shortcomings in internal controls. Conversely, these shortcomings are increased when the CEO and chair roles are combined. Crucially, Shariah compliance improves internal financial control quality by strengthening governance practices.

According to the research's statistical analysis, the attention to internal control in all its facets results in a larger degree of strengthening of the corporate pillars of governance. The findings also demonstrated that internal control has a significant role in strengthening the corporate governance pillars in Jordanian insurance firms. The study suggested that compliance with every internal control requirement is necessary for corporate governance to be effective (Amayreh et al. 2024).

Similar research was done in Sri Lanka by Gamage, C. T., and Low, L. T. K. (2018). Peoples' Bank's internal control system's effectiveness and the impact of its components in Sri Lanka. Primary data was collected by means of questionnaires that were created and distributed to all the permanent employees of ten banks. Both univariate and bivariate methods were used for the data analysis. Standard deviation, mean, and percentages were used to analyze the information about the univariate analysis. The results of the data analysis revealed that risk assessment, control environment and activities, communication, accounting, and self-evaluation are beneficial for internal control practice efficacy.

In order to evaluate how well the Nigerian federal government is collecting taxes, Kwa-ji, E. M., & Dabari, I. J. (2017) conducted a study; quantitative research methodology was used in the research study. To ascertain the total amount of collected oil tax income along with non-oil taxes between 2011 and 2015, secondary data that was obtained from the FIRS was also used in the study. Federal Inland Revenue Services made up the population, whilst the agencies responsible for planning, reporting, and statistics made up the sample size. The study's findings showed that while corporation income tax and value-added tax are not significant, other taxes such as capital gains tax, stamp duty, education tax, and petroleum profit tax are favourably substantial at 1%, 5%, 10%, etc. Accordingly, the report made the case that the government should step up its tax revenue

collection efforts and make sure that any compliance violations of the established standards are dealt with and punished.

Many research studies on revenue collection management have been carried out locally in Kenya. Chepkonga (2023) looked into how KRA's operational performance was affected by internal control mechanisms. The study discovered a substantial relationship between operational performance and internal controls. The study also concluded that strong internal control procedures are necessary to maximize KRA's revenue collection. Both qualitative and quantitative research methodologies were used for this project. The study made use of primary information that was acquired through the application of organized questionnaires. The report also noted that weak internal controls contributed to schemes including fraud, the loss of assets, and the theft of money that had been earned.

In light of this, the study arrived at the conclusion that internal controls do, in fact, operate, but that they do occasionally run into problems, and that internal controls significantly affect how well KRA money is collected. Nairobi City County's public higher education institutions' financial performance was examined by Muhunyo and Jagongo (2018) in relation to internal control systems. Financial performance is greatly influenced by elements including information and communication, risk assessment, control activities, and the control environment, according to the study's findings. It was also disclosed that the company has adopted policies for all projects that enable efficient communication, control, and project evaluation. As per the report, the business should implement internal controls along with information systems that connect to operational, financial, and compliance-related information accounts to enable managing and regulating the business. Additionally, the business must properly evaluate internal control to ensure the long-term effectiveness of the systems' performance.

Gitaru (2017) carried out research to examine how the KRA automation system affected the revenue collection process. It was done using a descriptive research design. The study used secondary data that was obtained from Kenya Revenue Authority Customs records for 10 fiscal years starting with July 2007 and ending in June 2016 and followed the Simba System. The effect that internal controls have on the financial performance of deposit-taking Savings and Credit Cooperative Societies (SACCOs) in Nairobi City County was investigated by Sandimba and Ndede (2023).

According to their findings, the financial performance of these SACCOs is greatly impacted by elements including organizational planning, physical controls, mathematical controls, approval controls, and segregation of roles. As per the report, for the purpose of improving financial performance, regulatory agencies ought to create guidelines for SACCOs on how to improve these internal control elements. Prior to the Central Bank of Kenya (CBK) passing the Exchange Control Act, commercial banks and other private sector organizations primarily served as agents for local exporters and generated the majority of the foreign exchange earnings. Given that agriculture and tourism are the two main sources of income for Kenya's economy during this time, agricultural exports made a significant contribution to the country's foreign exchange (Nyariki, D. M., & Amwata, D. A. 2019).

Internal controls that are effective deter employees from using fraud. However, a shoddy one leaves the system open to fraud. The best practices to reduce the gaps in internal controls and audit processes may include routine collections and banking of revenues collected, frequent bank reconciliation, and rotations of staff in the revenue department, as well as allocation of duties and responsibilities among staff in a way to have checks and balances, hence reducing the production of duplicate accountable documents, such as receipt books by revenue officers, where such a habit is imminent (Nyariki et al. 2019).

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### **3.3 Scope of the Study**

The conception scope of study included evaluating the staff's competence, the effect of automation, and the internal control system, as well as assessing influences of government policies on revenue growth.

The research took place in Marsabit County, covering three sub-counties, namely, Moyale, North Horr and Saku, on revenue collection administration on revenue growth.

The Laisamis Sub County was exempted from the main data collection because it was previously used as a pilot test. The study covers five consecutive years after devolution (2018 - 2022). The adequacy of a five-year research study for business research is justified by Yin, R.K. (2018). The choice of Marsabit County is supported by the fact that

the county is considered among the counties with the least revenue collection (Kenya National Bureau of Statistics, 2018).

### **3.4 Target Population**

The target population is the particular demographic that a given study, Programme, intervention, or service seeks to influence or reach. The demographics (age, gender, and income level), geography (location, urban/rural), psychographics (lifestyle and values), behaviour (buying habits and usage patterns), and other pertinent data are used to identify this group. In other words, a survey's target population is the total number of units for which conclusions are to be drawn from the survey data. The target population, then, is the group for whom the survey's results are intended to be generalized. Establishing a target population makes it easier to make sure that initiatives are successfully adapted to fit the requirements and traits of that demographic. It also helps to allocate resources more effectively, create interventions and achieve better results.

As stated by Mugenda and Mugenda (2003), the term "target population" alludes to the total set of people or things that a researcher is interested in using to generalize the findings of a study and that share the same observable features. A target population is also the total population of an actual or imagined group of people, occasions, or studies from which a researcher hopes to draw generalizations. As defined by Abdollahpouri et al. (2020), the target population is a set of variables that a researcher concentrates on so that the findings from a sample study can be extrapolated to a larger group of people.

The study's target population includes all staff members from the Department of Finance, Economic Planning and Budgeting and Revenue & Resource Mobilization in the County Government of Marsabit. This was because these staff were directly engaged with the revenue collection and administration, and also their key functions include revenue collections, coordination and administration of county financial resources. The accessible

population for the study was selected from the three departments. These departments have a total of 209 non-subordinate staff members, which includes chief officers, directors, internal auditors, accountants, revenue officers, revenue clerks and senior clerical officers distributed as in that cadre.

### **3.5 Sampling Procedure and Sample Size**

A sampling procedure is the process of choosing a portion of the study's target population. In the vast majority of research projects, it is impossible to recruit the full population of interest; hence, data gathering depends on a smaller group (Katrina A. Korb 2012). Ngechu (2004) underlines the significance of creating a sampling frame so as to select a representative sample.

To create a sample, the necessary number of subjects, respondents, components, or businesses were selected from the population frame. The study used stratified sampling techniques. All staff in the department of Finance, Economic Planning & Budgeting and Revenue & Resource Mobilization were included in the research study, thus applying the following methods as shown in table 1.

**Table 1**

*Target Population*

<b>Offices</b>	<b>No of Staff</b>	<b>Percentage %</b>
Chief officer	3	1.4
Directors	6	3.0
Internal Auditors	6	3.0
Accountants	40	19.1
Revenue officers	16	7.6
Supplies Chain Management Officers (SCM)	39	8.5
Revenue clerks	92	44.0

Clerical officers	7	3.3
<b>Total</b>	<b>209</b>	<b>100</b>

**Source: Author 2024**

A sample size is a subset of the target population that is selected for analysis in a study (Stratton, 2021). In this study, the sample size will be determined using Slovin's (1960) formula, which is commonly used in determining the appropriate sample size in social science research studies.

According to Verissimo et al. (2020), when it is impracticable to poll every member of a particularly large community, a sample is a subset of the population that is used to represent the entire group as a whole. The target demographic was small, easily accessible, and controllable; consequently, the study chose to adopt a stratified method in which every member of the target community took part in the research study as a respondent (Mugenda and Mugenda, 1999). The 209 non-subordinate staff were considered as part of the study. The staff from three departments enlisted in the above table were sampled using Slovin's formula (1960) as follows.

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

where:

n = Sample size

N = Population size

e = Margin of error/ Level of precision (0.05) at 95% confidence level

The eventual sample size will be:  $\frac{209}{(1 + 209(0.05)^2)} = 137$

Stratified sampling was utilized to guarantee that the sample size of staff was proportionately drawn from each stratum based on the number of cadres.

**Table 2***Sample Size*

<b>County staff</b>	<b>Sample Size</b>	<b>% -Percentage</b>
Chief Officers	2	1
Directors	4	3
Internal Auditors	4	3
Accountants	26	19
Revenue Officers	10	8
Supply Chain Management officers	26	19
Revenue Clerks	60	44
Clerical officers	5	3
<b>Total</b>	<b>137</b>	<b>100</b>

**Source: Author 2024**

### **3.6 Data Collection Instrument**

The study utilized questionnaires as the primary instrument of data collection. The questionnaires were designed to align with the research objectives and questions. for gathering primary information from participants. Secondhand information was gathered from official documentation from the National Treasury and the County Government of Marsabit. Questionnaires, which were an efficient data collection instrument, were administered to a significantly large number of respondents.

The questionnaire contains both closed and open-ended questions to ensure accuracy of information and simultaneously offer insights about the opinions, attitudes, and beliefs of the respondents regarding the study objectives. Additionally, the questionnaire used Likert scales to elicit responses using Semantic Differential (SD) tools. Drop-in surveys

made use of straightforward, semi-structured questions that were understood with little help.

### **3.7 Pilot Testing**

Prior to conducting research, a pilot study is conducted to evaluate the efficiency of the data collection tools and methods employed by the researchers (Mugenda & Mugenda 2003). A pretest is conducted by administering questionnaires to a randomly chosen sample of the target population to ascertain the flow, formatting and difficulty in filling out the questionnaire. It ensures that the respondents understand the questionnaires and provide uniform responses. Additionally, the pilot study's comments offer pertinent suggestions for the questionnaire's improvement.

The pilot testing was done in Laisamis sub-county. The staff of three departments of Finance, Economic Planning & Budgeting and Revenue and Resource Mobilization form part of the research respondents. The pilot study was conducted between 7th and 8th March 2024. The twenty (20) individuals were targeted, which accounted for 15% out of 137 populations so as to increase precision for reliability measures. 10% of the sample size is said to be adequate for arriving at an acceptable sample size (Mugenda & Mugenda, 2003). The instrument was administered to all targeted staff across the cadres in Laisamis sub-county. The researcher gave enough time for the participants to complete the questionnaires adequately.

#### **3.7.1 Reliability of the Research Instrument**

According to Kimberlin and Winterstein (2008), reliability is a measurement of the research instrument's consistency. Researchers use different techniques for testing the reliability of research instruments depending on the type of information used. A pilot research study was carried out in Laisamis Sub County to evaluate the reliability and validity of the instruments used to collect the data. Fifteen percent (15%) of the

population in the sample was considered in the pilot test. Mugenda and Mugenda (2013) affirm that 10% of the sample population is sufficient for pilot research. An audience similar to the target audience was used for the pilot research.

The Cronbach's Alpha intrinsic consistency reliability test was applied to the pilot study results. Cronbach's alpha was computed to determine internal consistency. If the instrument has a Cronbach reliability value of at least 0.70, it is considered to be suitable for use in the study (Fraenkel & Wallen, 2013). The pilot test helps the researcher to capture the intended data, test the reliability of the research study and also test whether the validated tools for the study are appropriate for the target population.

### **3.7.2 Validity of the Research Instrument**

Validity is the extent to which findings from data analysis accurately reflect the phenomena being investigated (Mugenda & Mugenda, 2003). In this study, content, face and construct validity were tested. Content validity assesses the degree to which data gathered using a given research instrument represent a certain area or domain of a particular idea in terms of contents (Kothari, 2012).

The face validity assesses the degree to which the physical construction aids in ease of responses. Construct validity entailed ensuring that research instruments' items measure the things they are supposed to assess. To improve the content, face and construct validity of the tool, the researcher seeks input from the supervisors and experts in the subject areas. The piloted questionnaire was examined to identify any ambiguity and complexity for accurate responses from the respondents. Both content and face validity were ensured with the help of expert judgement sought from supervisors of Meru University of Science and Technology.

### **3.8 Data Collection Procedure**

This study was primarily relying on the collection of primary data, supplemented by using secondary data sources. To ensure that the study was thorough and accurate, the primary data was gathered through survey questionnaires, which gives researchers direct access to the target population.

### **3.9 Data Analysis**

The researcher used descriptive statistics such as percentages, frequencies, and means to summarize the data collected from the questionnaires. The results were presented using tables, charts, and graphs to aid in visualizing the patterns and trends in the data analyzed. Additionally, inferential statistics were analyzed using regression analysis. Hypotheses were tested to determine the relationships between variables.

The Statistical Package for Social Sciences (SPSS) version 26 was employed to analyze the quantitative data. For the qualitative information gathered from open-ended questions in the questionnaires, the researcher used content analysis to identify recurring themes and patterns. The responses were transcribed and coded into categories to identify commonalities and differences in the response data. The identified themes were presented using quotes from the respondents to bolster the findings.

Finally, a triangulation approach was applied to combine the results from the quantitative and qualitative analyses to offer a thorough comprehension of the revenue collection systems in the county government of Marsabit.

#### **3.9.1 Diagnostic Tests**

Diagnostic tests were carried out on the model to ascertain whether the assumptions of the ordinary least square hold. They include

### **3.9.2 Linearity Test**

The linearity test determines whether or not a relationship between variables is effectively represented by a linear model. This generally assists the researcher in deciding if a leaner model is required for correct depiction. The linearity of the data can be interpreted by determining whether there are bias changes across the reference values. If the data do not form a horizontal line on a scatterplot, linearity is present. Ideally the fitted line will be horizontal and will be close to 0.

The rule is to look at the linearity table, which shows that if  $p < 0.05$  for linearity and  $p > 0.05$  for deviation for linearity, the two variables have a linear connection. The linearity test is carried out using SPSS (Statistical Program and Service Series 26). Hypothesis Formulation:  $H_0$ : is a null hypothesis.  $H_a$ : is the alternative hypothesis. If the probability (Sig) is greater than 0.05 (alpha), then the hypothesis is accepted. If the probability (Sig) is less than 0.05 (alpha), then the hypothesis is rejected.

### **3.9.3 Multi-collinearity Test**

According to Sudaryono (2018), the multicollinearity test is used to detect whether independent variables have a strong correlation or link. A regression model is one method for determining whether there is multicollinearity. A multicollinearity test analysis can be performed by comparing the coefficient of determination with the coefficient of determination between variables.

In addition to this strategy, the VIF (Variance Inflation Factor) value can be used to detect multicollinearity symptoms. If the VIF value is greater than 10, multicollinearity symptoms arise, whereas the element  $(1-R^2)$  is referred to as collinearity tolerance. This indicates that if the collinearity tolerance value is less than 1, there will be evidence of multicollinearity. The authors employ SPSS (Statistical Program and Service Series 26) to conduct this multicollinearity test.

Testing Procedure: If the VIF (Variance Inflation Factor) value is greater than 10, then multicollinearity symptoms occur. If the VIF (Variance Inflation Factor) value is  $<10$ , then there are no symptoms of multicollinearity. And if the tolerance value is  $<0.1$ , then multicollinearity symptoms occur. If the tolerance value is greater than 0.1, then there are no symptoms of multicollinearity.

#### **3.9.4 Normality Test**

To justify research conclusions based on sample data from several populations, it's important to conduct a sample normality test to ensure that the sample size is representative. The normality test determines if the sample data originates from a typically dispersed population or vice versa. In this research study, the Q-Q plot was employed to ascertain whether the information was normally distributed.

The test criteria are carried out by using: Ho: Data are derived from populations having a normal distribution. Ha: Data from populations with non-normal distributions; if (Sig)  $> 0.50$ , Ho is acceptable (normal). If (Sig)  $< 0.50$ , the hypothesis (Ho) is rejected (not normal), and sample normality testing is accomplished using the SPSS series 26 program

#### **3.10 Logical and Ethical Issues**

Ethically, and as a matter of norms, the researcher must get a letter of introduction from Meru University of Science & Technology so as to get a permit from the National Commission for Science, Technology & Innovation (NACOSTI). Throughout the data collection, ethical guidelines were closely followed to guarantee respect, credibility, and dependability for each and every participant in the administration of revenue collection. Before starting data collection, the researcher received a formal research authorization letter from the appropriate authorities in the county.

All participants were asked for their informed consent. Participants were assured that data collected during the research would be used for academic purposes only.

Respondents were guaranteed the freedom to decline or withdraw their participation at any stage of data collection if they so wished. In order to preserve confidentiality and anonymity, the results were kept free of names and personal identifiers. The privacy of the participants was protected because the data was safely stored and only the researcher had access to it. The research tools were made to steer clear of sensitive or invasive enquiries that had nothing to do with managing revenue collection. The study also collected, analyzed, and reported data in accordance with the honesty and integrity standards it deserves.

## **CHAPTER FOUR: RESULTS AND DISCUSSIONS**

### **4.1 Introduction**

This chapter presents the research findings obtained from the research instruments adopted in the study that included the questionnaires and the secondary data collection form. The definitive results of this study are derived from the pilot test results, response rate, demographics and general information of the respondents, descriptive analysis of the study variables, secondary data analysis, inferential statistics results and hypothesis test results of the study.

### **4.2 Pilot Testing Results**

The pilot testing was done in Laisamis Sub-County. The staff of three departments of Finance, Economic Planning & Budgeting and Revenue and Resource Mobilization formed part of the research respondents. The pilot study was conducted between 5th and 8th March 2024. The twenty (20) individuals were targeted, which accounted for almost 15% out of the 137 populations so as to increase precision for reliability measures. 10% of the sample size is said to be adequate for arriving at an acceptable sample size (Mugenda and Mugenda, 2003). The instrument was administered to all targeted staff across the cadres in Laisamis sub-county. The participants were given enough time to complete the questionnaires.

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and Mugenda,2003). The instrument was administered to all targeted staff across the carders in Laisamis sub-county. The participants were given enough time to complete the questionnaires.

#### **4.2.1 Findings on the Reliability of the Research Instrument**

According to Kimberlin and Winterstein (2008), reliability is a measurement of the research instrument's consistency. Researchers use different techniques for testing the reliability of research instruments depending on the type of data used. The research pilot testing was done in Laisamis Sub County to evaluate the validity and reliability of the data collection tools. Fifteen percent (15%) of the population in the sample was considered in the pilot test. Mugenda and Mugenda (2013) affirm that 10% of the sample population is sufficient for pilot research.

An audience similar to the target audience was used for the pilot research. The Cronbach's Alpha intrinsic consistency reliability test was applied to the pilot study results. Cronbach's alpha was computed to determine internal consistency. If the instrument has a Cronbach reliability value of at least 0.7, it is considered to be suitable for use in the study (Fraenkel & Wallen, 2013).

The pilot test helps the researcher to capture the intended data, test the reliability of the research study and also test whether the validated tools for the research study are appropriate for the target population. The obtained response for pilot data was tested for reliability using SPSS version 26. The following results were obtained as in table 3.

**Table 3***Cronbach Alpha Reliability Coefficient Summary*

<b>Variables</b>	<b>Number of items</b>	<b>Cronbach Alpha</b>	<b>Remarks</b>
Staff Competencies	14	0.735	Accepted
Automation	10	0.711	Accepted
Internal Control	24	0.702	Accepted
Government Policy	11	0.701	Accepted
<b>No of items/Average score</b>	<b>59</b>	<b>0.712</b>	Accepted

**Source: Author 2024**

Staff competency had an alpha of 0.735, automation 0.711, internal control 0.702, and government policy registered an alpha of 0.701, which all fall inside the permissible limit of 0.7. The successive Cronbach's alpha outcomes of the measured variables resulted in an average score of 0.712, which falls under the acceptable limit. Therefore, the study instrument was considered reliable since it surpassed the minimum correlation coefficient of 0.7.

#### **4.2.2 Findings on Validity of the Research Instrument**

In order to improve the content, face validity and construct validity of the instrument were adopted in the research study. The researcher sought the input of the School of Business and Economics supervisors on the subject areas. The piloted questionnaire was examined to identify any ambiguity and complexity for accurate responses from the respondents. Both content and face validity were methods adopted, and this helped the supervisors to provide expertise in line with the suitability of the research instrument. In particular, the supervisors recommended the standardization of all Likert scale questions

in the questionnaire. Further, the instrument format and layout were also discussed with some directors and chief officers from relevant departments.

### 4.3 Response Rate

The main data collection started on 3rd of June 2024 and lasted up to 26th August 2024. Out of the anticipated 117 questions, 106 were completed in total, translating to 90.6%, while the unreturned questionnaires were 11, amounting to 9.4% (as shown in table 4).

**Table 4**

*Response Rate*

<b>Response Rate</b>	<b>Sample Size</b>	<b>Percentage</b>
completed and returned the survey	106	90.6
Un-returned questionnaires	11	9.4
<b>Total</b>	<b>117</b>	<b>100</b>

**Source: Author 2024**

The response rate was representative and statistically acceptable. It also supports the claim made by Mugenda (2008) that a response rate of 50% is sufficient for analysis, a rate of 60% is good, and a rate of 70% is excellent. In light of this, the study's response rate was very good for drawing conclusions and extrapolating the findings, which can then be used to draft policy recommendations for Kenyan county governments.

### 4.4 Demographic and General Information

Among the demographics and general information that the researcher examined were the respondents' designation, gender, department, age, highest level of education, experience, employment status, and sub-county.

#### 4.4.1 Respondents Designation

Questions pertaining to their individual designations were posed to study participants. This question's main goal was to determine whether or not the respondents were technically knowledgeable about the study's topic.

**Table 5***Designation of the Respondents*

<b>Respondent's Designation</b>	<b>Frequency</b>	<b>Percent</b>
Chief Officer	1	1
Directors	3	3
Internal Auditors	4	4
Accountants	24	23
Revenue Officers	8	7
Supply Chain Management Officers	11	10
Revenue Clerks	50	47
Clerical Officers	5	5
<b>Total</b>	<b>106</b>	<b>100</b>

**Source: Author 2024**

According to the study's findings, most (47%, n=106) of the participants were chosen from the county government of Marsabit and were revenue clerks. Accountants followed with 23%, while supply chain management officers accounted for 10%. Revenue officers and clerical officers accounted for 7% and 5%, respectively. Internal auditors accounted for 4% and directors 3%, while chief officers translated to 1% (as shown in table 5).

#### **4.4.2 Gender Distribution**

The study determined the gender distribution among the participants who served as the respondents. This is in cognizance with national values on inclusiveness and gender parity, which are fundamental attributes in the country.

**Table 6***Gender Distribution*

<b>Gender</b>	<b>Frequency</b>	<b>Percent</b>
Male	54	50.9
Female	52	49.1
<b>Total</b>	<b>106</b>	<b>100</b>

**Source: Author 2024**

The results showed that the majority (50.9%, n=106) of the respondents in the county government of Marsabit were male, while the female accounted for a slightly lower rate of 49.1% (as shown in Table 6). This implies that the two genders are well represented in line with the constitutional requirement of the two-thirds rule.

**4.4.3 Respondents Department**

The study sought to establish the respondent's department in order to ascertain the degree of revenue collection administration on the revenue growth in the county government of Marsabit. Since revenue collection administration is a multifaceted activity, the rationale behind establishing the respondent's department was to establish the contribution of the key functions in this endeavour.

**Table 7***Respondents Department*

<b>Respondents Department</b>	<b>Frequency</b>	<b>Percent</b>
Finance	31	29
Economic Planning and Budgeting	5	5
Revenue and Resource Mobilization	70	66
<b>Total</b>	<b>106</b>	<b>100</b>

**Source: Author 2024**

The study's findings showed that revenue and resource mobilization contribute immensely to revenue collection and administration with 66%. Further, the finance department accounted for 29%, while economic planning and budgeting registered 5% (as shown in Table 7). The department of finance and resource mobilization has critical roles in revenue collection, administration and growth; thus, their inclusion in the study would add significant value to the results of the study.

#### 4.4.4 Age Bracket

Based on the age range of the participants, the study identified the respondents. Regarding population dynamics, age is a critical demographic variable that can have a big impact on the research.

**Table 8**

*Age bracket*

<b>Age Bracket</b>	<b>Frequency</b>	<b>Percent</b>
18-35 Years	47	44
36-45 Years	46	43
45-50 Years	11	11
Above 50 Years	2	2
<b>Total</b>	<b>106</b>	<b>100</b>

**Source: Author 2024**

According to the study's findings, the majority of participants (44%, n=106) were between the ages of 18 and 35. This was followed closely by the respondents who were in the age bracket of 36-45 years, which accounted for 43%. The respondents in the age bracket of 45-50 years amounted to 11%, while those above 50 years translated to 2% (as shown in Table 8). It is observable that the respondents are generally of productive age, suitable for revenue collection and administration.

#### 4.4.5 Highest Academic Qualifications

The survey aimed to determine the respondents' greatest level of educational background.

**Table 9**

*Highest Academic Qualifications*

<b>Highest Academic Qualifications</b>	<b>Frequency</b>	<b>Percent</b>
Master's Degree	8	8
Bachelor's Degree	28	26
Diploma	45	42
Certificate	23	22
Secondary Certificate	2	2
<b>Total</b>	<b>106</b>	<b>100</b>

**Source: Author 2024**

The majority (42%) of the respondents engaged in the study had diploma qualifications, 26% had bachelor's degrees, and 22% had certificate qualifications. The respondents with master's degrees accounted for 8% of the respondents, while respondents with secondary certificate qualifications accounted for 2% (as shown in Table 9). Sixty-six per cent of the respondents hold diplomas and first degrees, ascertaining capabilities to comprehend and respond to the questionnaire.

#### 4.4.6 Work Experience

The respondents' employment experience was determined by the study. Respondents' comprehension of the study's subject matter is always based on their personal experiences.

**Table 10***Work Experience*

<b>Work Experience</b>	<b>Frequency</b>	<b>Percent</b>
Below 1 Year	10	10
1-5 Years	31	29
6-10 Years	48	45
11-15 Years	17	16
<b>Total</b>	<b>106</b>	<b>100</b>

**Source: Researcher 2024**

The findings of the study revealed that 29% of the respondents had 1–5 years of job experience, while the majority (45%, n=106) had 6–10 years. Additionally, as seen in Table 10 employees with 11–15 years of experience made up 16% of the workforce, while those with less than a year of experience made up 10%.

**4.4.7 Employment Status**

The purpose of the study was to ascertain the participants' job status, including whether they were contract, contingent, permanent, or pensionable employed staff. Establishing the wellbeing of the workers in the Marsabit County Government was the justification behind this.

**Table 11***Employment Status*

<b>Employment Status</b>	<b>Frequency</b>	<b>Percent</b>
Permanent and Pensionable	59	56
Contract	46	43
Contingent	1	1
<b>Total</b>	<b>106</b>	<b>100</b>

**Source: Author 2024**

The findings of the study indicated that the majority (56%) of the respondents' employment status was permanent and pensionable, with 43% of the respondents being on contract, while 1% of the respondents were categorized under contingent employment status (as shown in Table 11). This employment status reflects the adequacy of information regarding revenue collection and administration.

#### **4.4.8 Sub County Representation**

The goal of the study was to create sub-county representation in the Marsabit county administration. This is consistent with the national concept of nondiscrimination, which is a crucial component of the country's diverse groups coexisting peacefully.

**Table 12**

*County Representation*

<b>Sub County</b>	<b>Frequency</b>	<b>Percent</b>
Moyale	40	38
North Horr	22	21
Saku	44	41
<b>Total</b>	<b>106</b>	<b>100</b>

**Source: Author 2024**

According to the study's findings, the bulk of respondents (41%, n=106) came from the Saku subcounty, while 38% came from the Moyale subcounty. Finally, it indicates that 21% of the respondents were from North Horr (as shown in Table 12).

#### **4.5 Descriptive Analysis of the Variables**

According to Sekaran (2006), descriptive statistics is a set of methods used to summarize and describe the main features of a data set. The methods provide an overview of the data that assists in identifying patterns and relations in a study. The results of this investigation were presented using means, frequencies, and standard deviations. Examining the impact of tax collection administration on revenue growth in the Kenyan

county government of Marsabit was the main objective of this study. Descriptive statistics were examined in the study for the following variables: staff competencies, information technology, internal control and government policies on revenue growth in the county government of Marsabit, Kenya.

#### 4.5.1 Staff Competencies

The purpose of the study was to get respondents' opinions on the many facets of staff competencies in connection to revenue growth. As indicated in Table 13, the respondents were asked to score each item that matched the application of staff competences in the county government of Marsabit on a 5-point Likert scale, with 5 denoting 'Strongly Agree' and 1 denoting 'Strongly Disagree'.

**Table 13**

*Staff Competencies in relation to Revenue Growth*

<b>Staff Competencies</b>	<b>N</b>	<b>Mean</b>	<b>SD</b>
The executives' assistance improves employees' attitudes and motivates them to carry out their responsibilities with thoroughness.	106	3.88	0.752
The staff possess adequate knowledge to effectively support taxpayers in paying revenue on time without delays.	106	4.03	0.487
When taxpayers require information, the front desk employees have necessary skills to give the right feedback.	106	2.54	1.205
Employees demonstrate a favourable attitude towards well-coordinated teamwork, which enhances staff productivity.	106	4.87	0.459
Employee collaboration skills enhance revenue development and collection.	106	4.36	0.572
Experienced employees have the necessary knowledge to complete jobs efficiently and on time.	106	4.15	0.474

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Workers exhibit an optimistic outlook that shows a deep dedication to their jobs.	106	4.48	0.918
Self-management skills displayed by staff members lessen the need for constant supervision.	106	2.95	1.396
Employees' understanding of best practices and work processes has expanded as a result of their experience.	106	4.54	0.987
Staff are enthusiastic about using the knowledge they get from training in their jobs.	106	4.53	0.886
<b>Average Score</b>		<b>4.03</b>	<b>0.814</b>

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**Source: Author 2024**

A mean of 3.88 and a standard deviation of 0.752 were found for the statement that the executives' assistance improves employees' attitudes and motivates them to carry out their responsibilities with thoroughness. A bigger number of respondents (mean of 4.03, standard deviation of 0.487) strongly agreed that the staff possess adequate knowledge to effectively support taxpayers in paying revenue on time without delays. With a mean of 2.54 and a standard deviation of 1.205, a moderate percentage of respondents confirmed that, when taxpayers require information, the front desk employees have the necessary skills to give the right feedback.

With a mean score of 4.87 and a standard deviation of 0.459, the majority of respondents strongly agreed with the assertion that employees demonstrate a favourable attitude towards well-coordinated teamwork, which enhances staff productivity. According to the belief that employee collaboration skills enhance revenue development and collection, it recorded a mean of 4.36 with a standard deviation of 0.572. The mean score for the claim that experienced employees have the necessary knowledge to complete jobs efficiently and on time was 4.15, with a standard deviation of 0.474. Additionally, the mean and

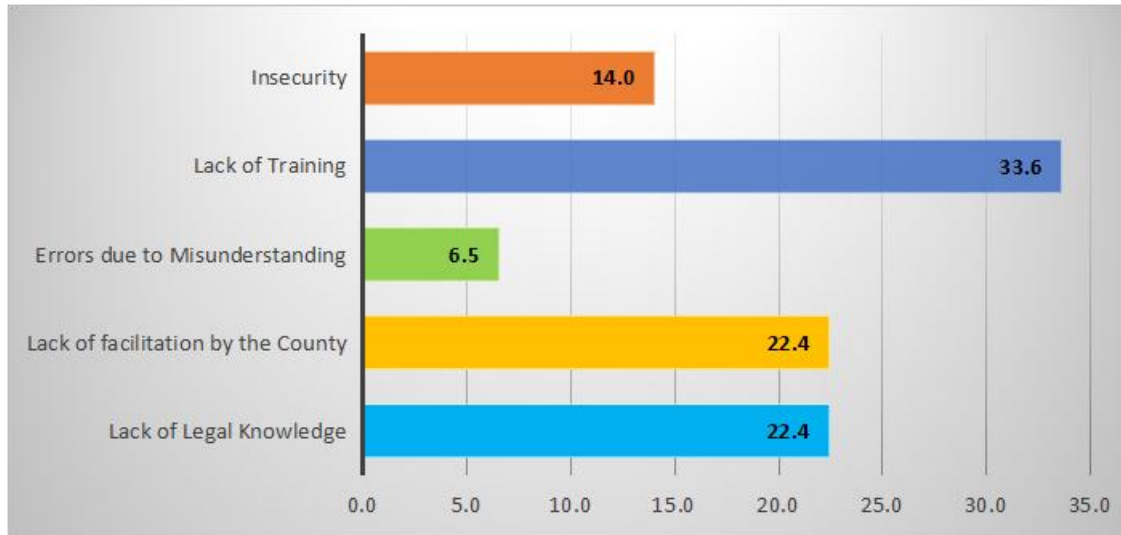
standard deviation for the assertion that workers exhibit an optimistic outlook that shows a deep dedication to their jobs were 4.48 and 0.918, respectively. Fewer respondents than the mean score of 4.03 (with a mean of 2.95 and a standard deviation of 1.396) believed that self-management skills displayed by staff members lessen the need for constant supervision.

Furthermore, with a mean score of 4.54 and a standard deviation of 0.987, the majority of respondents strongly agreed that employees' understanding of best practices and work processes has expanded as a result of their experience. Finally, with a mean score of 4.53 and a standard deviation of 0.886, the majority of respondents believed that staff are enthusiastic about using the knowledge they get from training in their jobs. A mean score of 4.03 generally denotes high levels of competency among staff levels, with a standard deviation of 0.814 indicating a moderate range in variation across competencies.

Human capital theory, agency theory, and technological determinism theory all of which place an emphasis on knowledge, skills, and accountability in revenue collection served as the foundation for the analysis of staff competences. Staff attitudes, abilities, and knowledge were summed up by descriptive statistics (means and standard deviations); teamwork and training application received the best scores, while feedback skills received the lowest. The hypothesis tested shows that staff competencies significantly impact revenue collection efficiency using inferential statistics (correlation and regression). A multivariate linear regression model (OLS) was used in the study to determine the relevance and strength of this relationship.

**Figure 2**

*Staff Competencies and Revenue Collection*



**Source: Author 2024**

The research sought to establish the fundamental challenges related to staff competencies that affect revenue collection in the county government of Marsabit. The majority of respondents (33.6%) stated that revenue collection was impacted by staff members' lack of training. According to the findings, 22.4% of the participants agreed that revenue collection was impacted by both the county government's lack of assistance and their ignorance of the law. According to the study, 14% of participants agreed that income collection was affected by insecurity. Lastly, 6.5% of the respondents indicated that errors due to misunderstanding affects revenue collection in the county government of Marsabit.

#### **4.5.2 Automation**

The purpose of the survey was to get respondents' opinions on the different facets of automation in connection to revenue growth. According to Table 14, the respondents had to score each item that related to the use of automation in the Marsabit county government on a 5-point Likert scale, with 5 denoting "strongly agree" and 1 denoting "strongly disagree".

**Table 14***Respondent's Opinion on automation*

<b>Automation</b>	<b>N</b>	<b>Mean</b>	<b>SD</b>
Availability of Internet infrastructure	106	4.92	0.341
Automation of the county revenue collection systems	106	4.79	0.511
Adequacy of internet services are available	106	4.60	0.699
Knowledge to work with information technology equipment	106	4.61	0.670
Current and up-to-date information technology equipment for revenue collection	106	4.61	0.711
Automation for making the work convenient and easy	106	4.75	0.553
Reducing revenue leakages through automation	106	4.75	0.659
Revenue reports preparation and submission using information technology	106	4.79	0.597
Use of automation provide accurate revenue data	106	4.76	0.670
Use of automation to increase efficiency of revenue collection	106	4.69	0.785
<b>Average Score</b>		<b>4.73</b>	<b>0.619</b>

**Source: Author 2024**

With a mean score of 4.92 and a standard deviation of 0.341, the study's findings demonstrated that the majority of respondents highly agreed that the Marsabit county government has internet infrastructure available. With a mean score of 4.79 and a standard deviation of 0.511, the majority of respondents strongly agreed with the assertion that the county administration has automated the county revenue collecting procedures. The majority of respondents (mean of 4.60, standard deviation of 0.699) strongly agreed that the county government offers adequate internet services.

A mean of 4.61 and a standard deviation of 0.670 were explained by the majority of respondents' opinions that they are knowledgeable about using information technology equipment. On the same scale, the claim that the county government possesses modern,

state-of-the-art IT tools for collecting taxes had a mean score of 4.61 and a standard deviation of 0.711.

Additionally, with a mean score of 4.75 and a standard deviation of 0.553, the respondents confirmed that revenue collection automation makes work easier and more convenient. A sizable portion of respondents (mean of 4.75, standard deviation of 0.659) said that the county administration uses automation to cut down on income leaks. The study's findings also revealed that the county government uses information technology to create and submit revenue reports, which contributed to the mean of 4.79 and standard deviation of 0.597. Additionally, the mean score for the claim that information technology utilization yields accurate revenue data was 4.76, with a standard deviation of 0.670.

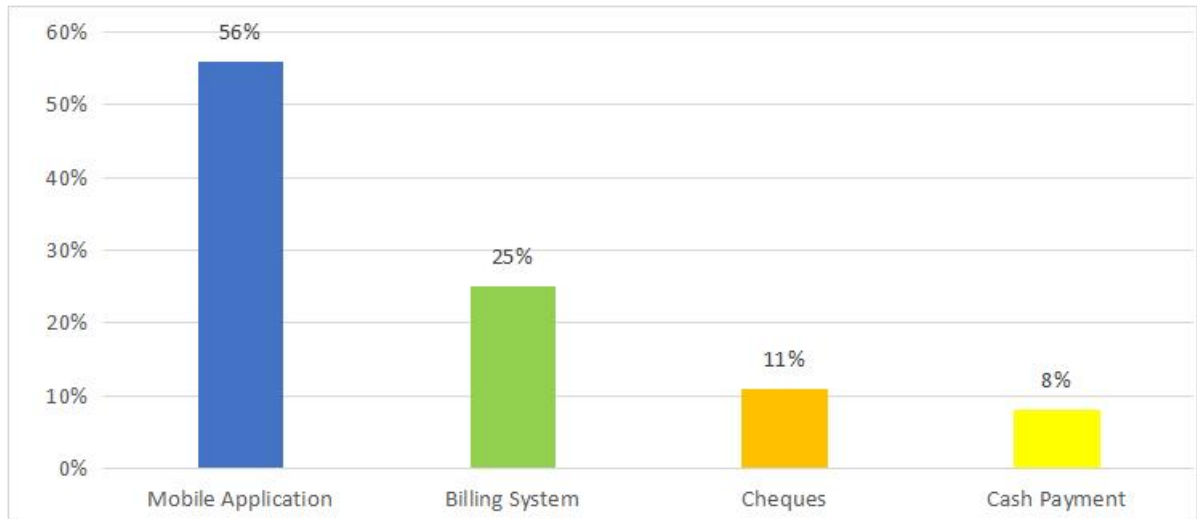
Finally, the majority of respondents (mean of 4.69, standard deviation of 0.785) agreed that the county government uses information technology to improve revenue collection efficiency. There is a general tendency towards consensus from respondents regarding various uses of information technology in the functions of revenue collection and administration.

Agency theory and technological determinism theory, which highlight how technology shapes accountability and efficiency, served as the foundation for the analysis of automation in county tax collecting. A summary of staff responses using descriptive statistics (means and standard deviations) revealed high agreement (overall mean = 4.73, SD = 0.619) that automation had a favourable impact on revenue administration. The statistical relevance of automation on revenue collection outcomes was established by hypothesis testing using inferential statistics, such as regression and correlation.

To ascertain the impact of automation in conjunction with other variables on county revenue collection, the multiple regression model was used as the primary analytical framework.

**Figure 3**

*Methods of Revenue Collection*



**Source: Author 2024**

In relation to the inherent methods of revenue collections within the county government of Marsabit, the study showed that mobile application is widely used in the county and this accounted to 56%. Billing system revenue collection method followed with 25%. Further, the use of Cheques in the county government of Marsabit accounted to 11%. Lastly, use of cash payment registered 8% in terms of the methods adopted in the county in revenue collection.

#### **4.5.3 Internal Control**

The purpose of the study was to find out what respondents thought about the different facets of internal control in relation to revenue growth. As indicated in Table 15, the respondents were asked to score each item that matched the implementation of internal control in the Marsabit county government on a 5-point Likert scale, with 5 denoting 'Strongly Agree' and 1 denoting 'Strongly Disagree'.

**Table 15***Opinion of the respondents on Internal Control system*

<b>Internal Control</b>	<b>N</b>	<b>Mean</b>	<b>SD</b>
There are adequate control systems in place for revenue collection	106	4.06	0.410
There are Monitoring of revenue collections at the revenue collections centres	106	3.58	0.647
The department prepare revenue collections reports	106	4.75	0.648
The department are up to date in reviewing and updating the list of tax payers	106	3.25	0.741
How often are internal controls examined and modified to prevent revenue loss	106	2.99	0.981
How often do the department register the new tax payers	106	3.08	0.692
How often are the lists of defaulters prepared and updated	106	2.76	1.019
The frequency of reminding defaulters to pay up necessary taxes	106	2.81	1.034
Revenue staff are facilitated when they go for revenue collection exercises.	106	2.83	0.899
Revenue staff are being supervised by their line supervisors	106	3.72	0.714
<b>Average Score</b>		<b>3.38</b>	<b>0.779</b>

**Source: Author 2024**

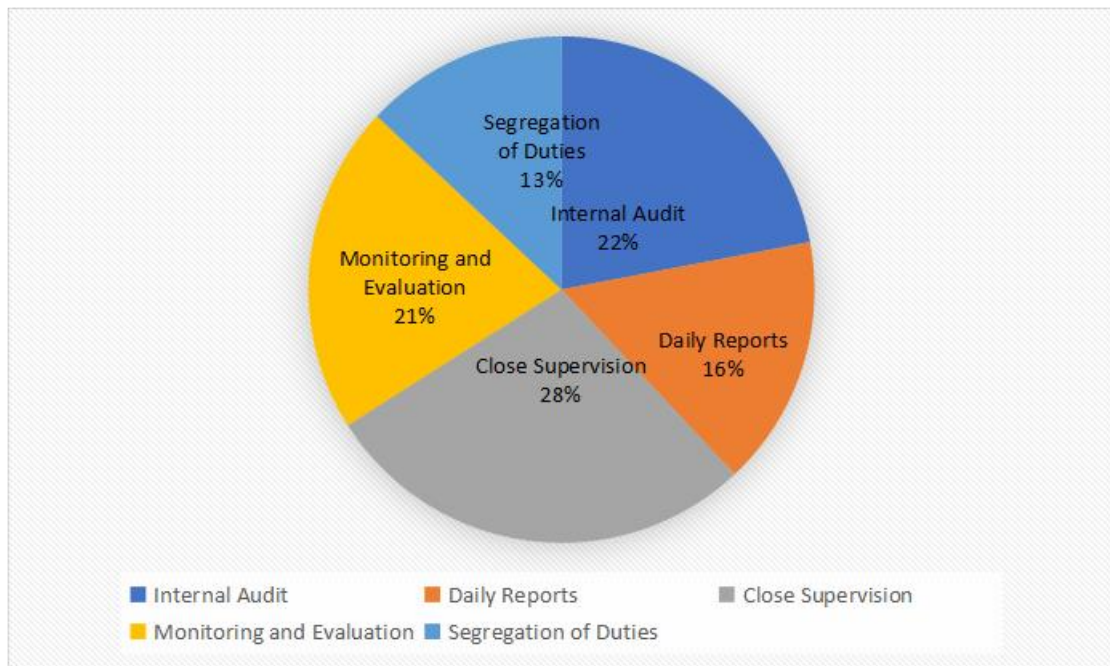
The study's findings demonstrated that the county government has sufficient control mechanisms in place for collecting taxes, which explained the mean of 4.06 and the standard deviation of 0.410. The mean and standard deviation of the revenue collections monitoring at the revenue collections centres were 3.58 and 0.647, respectively. A mean of 4.75 and a standard deviation of 0.648 were explained by the majority of respondents' affirmation that county government departments typically prepare revenue-collecting reports. This opinion registered a mean of 3.25 and a standard deviation of 0.741. The study's results also showed that the county departments evaluate and update the list of

taxpayers. A slightly higher percentage of respondents (mean of 2.99, standard deviation of 0.981) said that internal controls are reviewed and adjusted to avoid revenue loss. With a mean score of 3.08 and a standard deviation of 0.692, a strong majority of respondents agreed that county departments are responsible for registering new taxpayers. With a mean of 2.76 and a standard deviation of 1.019, the study's findings also demonstrated that the county government's departments create and maintain the list of defaulter's reports. The frequency of reminding defaulters to pay any outstanding taxes had a mean of 2.81 and a standard deviation of 1.034, according to the study's findings. Additionally, significantly more respondents than average believed that revenue staff are assisted when they participate in revenue collection activities, which explained the mean of 2.83 and standard deviation of 0.899. Finally, a mean score of 3.72 and a standard deviation of 0.714 were recorded for the assertion that revenue personnel are under the supervision of their line supervisors.

With an overall mean score of 3.38 (SD = 0.779), the results on internal control indicate that internal controls are moderately effective in collecting revenue. Staff perceptions were summarized using descriptive statistics (means and standard deviations), and correlations between internal control and revenue collection results were identified using inferential statistics (hypothesis testing). Government Policy Models (to emphasize regulatory monitoring), Internal Control Theory (COSO framework), and Agency Theory (to explain accountability) served as the basis for the analysis. Regression analysis was the primary statistical model used in the study to evaluate the hypotheses and gauge how well internal controls predicted revenue performance.

**Figure 4**

*Internal control systems measures and revenue collections*



**Source: Author 2024**

The majority of respondents (28%) said that tight supervision increases the effectiveness of internal control systems, while 22% said that internal audits increase the effectiveness of internal control systems. Additionally, 16% of respondents confirmed that daily reports increase the effectiveness of internal control systems, while 21% of respondents suggested that monitoring and assessment increase system efficiency. Last but not least, 13% of respondents concurred that segregation of duties would enhance the effectiveness of internal control system measures to boost Marsabit County's revenue collection.

#### **4.5.4 Government Policies**

Respondents' opinions on the many facets of government policy in connection to revenue growth were sought after by the study. Using a 5-point Likert scale, where 5 indicates 'Strongly Agree' and 1 indicates 'Strongly Disagree', the respondents were asked to score each statement that matched the implementation of government policies in the Marsabit county government (Table 16).

**Table 16***Opinion of the respondents on the Effects of Government Policies*

Government Policies	N	Mean	SD
Changes in national tax regimes	106	4.86	0.487
New revenue bills by county Assembly	106	4.37	0.574
Pressure from lobby groups on local taxations	106	3.57	0.756
Changes in governance or leadership	106	4.21	0.613
Changes in devolution's functions interferes with revenue collection	106	3.46	0.928
National revenue allocations from treasury	106	3.42	0.768
Changes in human resource compensations policies	106	3.79	0.581
Penalties on tax defaulters	106	4.08	1.114
Timely remittances of county revenue allocation from treasury	106	4.52	0.842
County tax waivers	106	3.18	1.085
Average Score		3.95	0.775

**Source: Author 2024**

According to the study's results, the claim that adjustments to national tax laws have an impact on revenue growth was supported by a mean of 4.86 and a standard deviation of 0.487. A mean of 4.37 and a standard deviation of 0.574 were found for the claim that new revenue bills have an impact on revenue growth. Additionally, a mean of 3.57 and a standard deviation of 0.756 were obtained for the belief that lobby group pressure on own-source revenue taxes impacts revenue growth.

The mean score for changes in leadership or governance and their impact on revenue growth was 4.21, with a standard deviation of 0.613. The study's findings showed a mean of 3.46 and 3.42 and a standard deviation of 0.928 and 0.768 for the relationship between

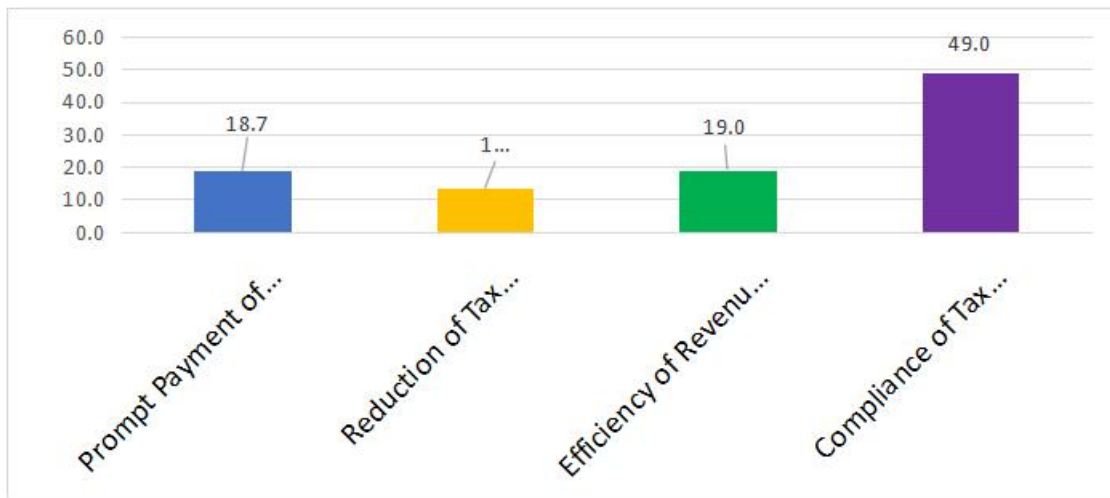
national revenue allocations from the treasury and revenue growth, as well as how changes in devolution's functions impact revenue collection.

Additionally, the view that changes to human resource compensation policies affect revenue development had a mean score of 3.79 with a standard deviation of 0.581. The result for the claim that tax defaulter penalties affect revenue growth was 4.08 on average, with a standard deviation of 1.114. Conversely, the treasury's prompt remittance of the county revenue distribution showed a mean of 4.52 and a standard deviation of 0.842. Finally, the mean score for the opinion on the impact of county tax waivers on revenue growth was 3.18, with a standard deviation of 1.085.

The Government Policy Model and Agency Theory were used in the study to explain how changes in policy affect the administration of county revenue. Means and standard deviations, which are descriptive data, revealed that timely treasury transfers ( $M=4.52$ ,  $SD=0.842$ ) and national tax regimes ( $M=4.86$ ,  $SD=0.487$ ) had the most impact, while county tax waivers had the least ( $M=3.18$ ,  $SD=1.085$ ). Tests of hypotheses regarding the relationship between government policies and tax collection performance were conducted using inferential statistics, particularly regression analysis and correlation. The effect size of policy variables on revenue outcomes was estimated using the multiple linear regression model.

**Figure 5**

*Policies and revenue collection*



**Source: Author 2024**

The study's conclusions revealed that 49% of participants said that compliance of tax revenue collection processes influences revenue collection administration in county government. Further, 19% of the respondents affirmed that efficiency of revenue collection influences revenue collection administration, while 18.7% of those surveyed said that prompt payment of bills influences revenue collection administration. Lastly, 13.3% of the respondents asserted that reduction of tax evasion influences revenue collection administration in the county government of Marsabit.

#### **4.5.5 Revenue Growth**

The county government of Marsabit generates its own revenues from the following sources, namely, livestock fees, land rates, land transfer fees, market fees, health services fees and trade licenses, among others. The researcher derived secondary data in relation to revenue collection trends against the revenue targets in the county government of Marsabit in the 5 preceding financial years. Consolidated revenues collected and the target for FY 2017/2022 are shown in table 17.

**Table 17***Own-Source Revenue Collection Trends against the Revenue Targets*

Financial Years	Revenue Targets (Millions)	Revenue Collected (Millions)	Revenue Growth (Rate) %
F/Y 2017/2018	120	129.6	-
F/Y 2018/2019	140	83.6	(35)
F/Y 2019/2020	170	126.7	52
F/Y 2020/2021	150	110.3	(12.9)
F/Y 2021/2022	170	99.56	(9.7)
Total	750	549.76	(1.4)

**Source: Author 2024**

According to the data derived from the controller of the budget in relation to revenue collection trends against the revenue targets during the 2017/2018 financial year, the county government of Marsabit surpassed the set revenue targets of 120 million and collected revenue that amounted to 129.6 million, translating to an 8% increment. Conversely, during the 2018/2019 financial year, the county government managed to collect 83.6 million against a target of 140 million, and this accounted for a drop of 40.3%. During the 2019/2020 financial year, the county government revenue collection was 126.7 million against a target of 170 million, and this amounted to a decline of 25.5%.

Further, during the 2020/2021 financial year, the county government collected 110.3 million against a target of 150 million, resulting in a decrease of 26.5%. Lastly, during the 2021/2022 financial year, the county government of Marsabit collected a revenue that amounted to 99.56 million against the revenue target of 170 million; thus, this amounted

to a drop of 26.3%. The drop in revenue collections may have been contributed to by a lack of on-the-job training, insecurity, and a lack of timely facilitation of revenue staff by the county executive, as shown in figure 2 and also methods of revenue collections might have contributed to the decline in revenue collections, in which cash payments stand at 8% (Figure 3). Generally, the revenue growth over the four-year period indicates a decline of 1.4%, as shown in the last column in Table 17.

#### **4.6 Diagnostic Test Results**

Before conducting linear regression analysis, the diagnostic tests were conducted in order to ascertain whether the assumptions of ordinary least squares (OLS) were violated or not. In particular, normality tests and multicollinearity tests were performed.

##### **4.6.1 Linearity Test**

The linearity test was conducted using the correlation coefficient, which is a statistical measure of the strength of the relationship between the relative movements of two variables (Stock & Watson, 2007). The decision-making process was based on the assumption that if the significance value for deviation from linearity is greater than 0.05, then the relationship between the independent variables is considered linear. However, if the significance value is less than 0.05, then the relationship between the independent variables and the dependent variable is considered non-linear (see Table 18).

**Table 18***Model Summary Statistics and Coefficients*

Variables		ANOVA TABLE					
			Sum of Squares	Df	Mean of Squares	F	Sig.
<b>Revenue Growth*</b>	Between Groups	(Combined)	13.051	14	0.932	6.308	0.000
<b>Staff Competences</b>							
		Linearity	10.023	1	10.023	67.817	0.000
		<b>Deviation</b>					
		<b>from</b>	<b>3.028</b>	<b>13</b>	<b>0.233</b>	<b>1.576</b>	<b>0.107</b>
		<b>Linearity</b>					
	Within Groups		13.449	91	0.148		
	Total		<b>26.500</b>	<b>105</b>			
<b>Revenue Growth*</b>	Between Groups	(Combined)	22.435	23	0.975	19.678	0.000
<b>Information Technology</b>							
		Linearity	17.365	1	17.365	350.307	0.000
		<b>Deviation</b>					
		<b>from</b>	<b>5.070</b>	<b>22</b>	<b>0.230</b>	<b>4.649</b>	<b>0.051</b>
		<b>Linearity</b>					
	Within Groups		4.065	82	0.050		
	Total		<b>26.500</b>	<b>105</b>			
<b>Revenue Growth*</b>	Between Groups	Combined)					
<b>Internal Control</b>			14.230	11	1.294	9.911	0.000
		Linearity	11.786	1	11.786	90.293	0.000
		<b>Deviations</b>					
		<b>from</b>	<b>2.445</b>	<b>10</b>	<b>0.244</b>	<b>1.873</b>	<b>0.059</b>
		<b>Linearity</b>					

	Within Groups		12.270	94	0.131		
	Total		<b>26.500</b>	<b>105</b>			
<b>Revenue Growth*</b>	Between Groups	(Combined)					
<b>Government Policies</b>			4.175	9	0.464	1.995	0.048
		Linearity	2.816	1	2.816	12.107	0.001
		<b>Deviations from Linearity</b>	<b>1.359</b>	<b>8</b>	<b>0.170</b>	<b>0.731</b>	<b>0.664</b>
	Within Groups		22.325	96	0.233		
	Total		<b>26.500</b>	<b>105</b>			

**Source: Author 2024**

The ANOVA results indicate that all the predictor and moderating variables – staff competencies, automation, internal control and government policies – exhibit statistically significant linear relationships with revenue growth. For each variable, the significance values for the linearity test are all below 0.05, confirming that a linear relationship exists. Furthermore, the significance values for deviation from linearity are all greater than 0.05 (Staff Competencies = 0.107; Information Technology = 0.051; Internal Control = 0.059; Government Policies = 0.664), indicating that the deviations from linearity are not statistically significant. This suggests that the assumption of linearity holds for all the independent variables in relation to revenue growth. Therefore, the data supports the use of linear regression analysis in modelling the relationship between these independent variables and revenue growth.

#### **4.6.2: Test of Normality**

The test of normality adopted in this study was the Q-Q plot, which establishes the degree of normality of residuals. Basically, if the Q-Q plot is within the straight line, then the study shows a positive correlation (Thode, 2002). The analysis of normality tests is

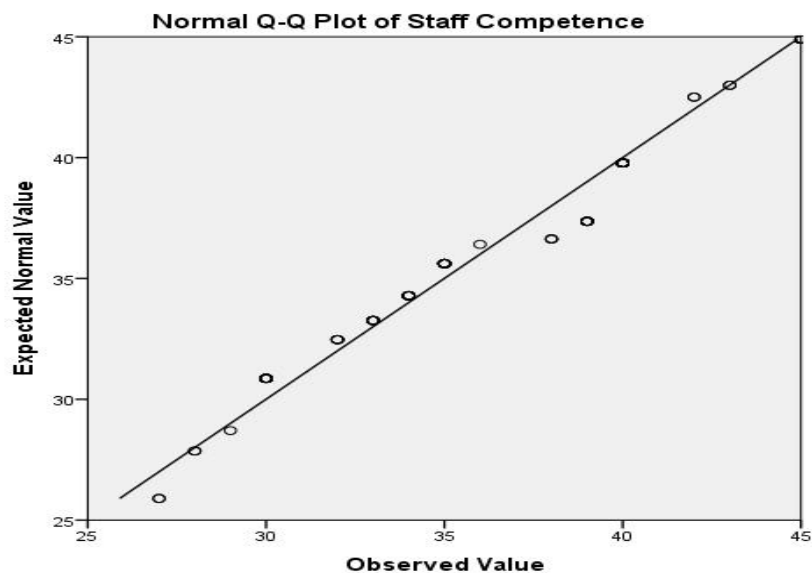
shown in Figure 6, Figure 7 and Figure 8 below for all the explanatory variables of the study

**i. Staff Competencies**

The staff competency Q-Q plot demonstrates that, with very few exceptions, the observed values fall roughly along the diagonal reference line. The data roughly conforms to a normal distribution, as seen by this visual alignment. Consequently, the null hypothesis of normalcy was not rejected based on the Q-Q plot. The explanatory variable (staff competencies) had a normal Q-Q plot since the scores of distributions did not diverge greatly from normality. This denoted a linearly related distribution of the data (as shown in Figure 6).

**Figure 6**

*Normal Q-Q Plot of Staff Competencies*



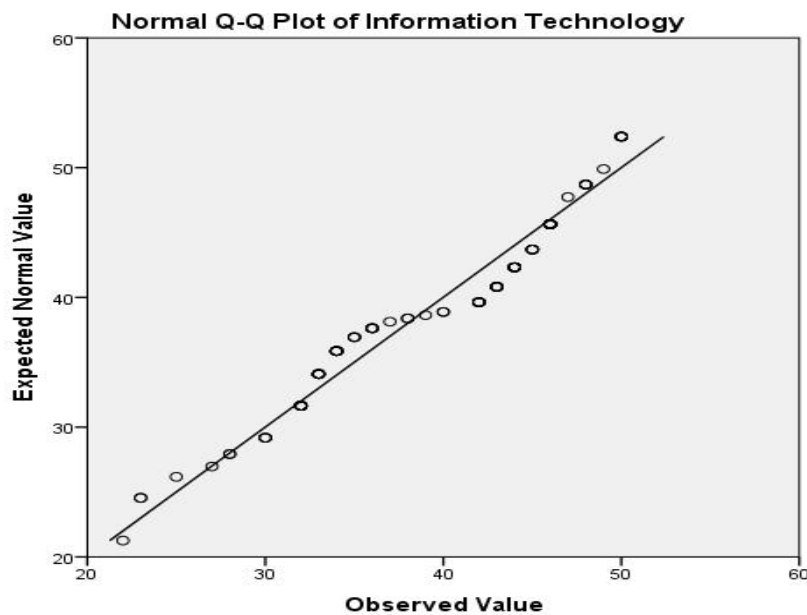
**Source: Author 2024**

## ii. Automation

By analyzing how closely the observed data matched the diagonal reference line, the test for normalcy was assessed using Automation's Q-Q plot. The data points show that the distribution is roughly normal since they mostly cluster near the line with just minor variations at the tails. Thus, the normalcy null hypothesis was not rejected using the Q-Q plot as the test statistic. Automation scores fell closely to the straight line and this denoted that the data was normally distributed. The marginal skewness of the data reflected good regression results of the study (see Figure 7).

**Figure 7**

*Normal Q-Q Plot of Automation*



**Source: Author 2024**

## iii. Internal Control

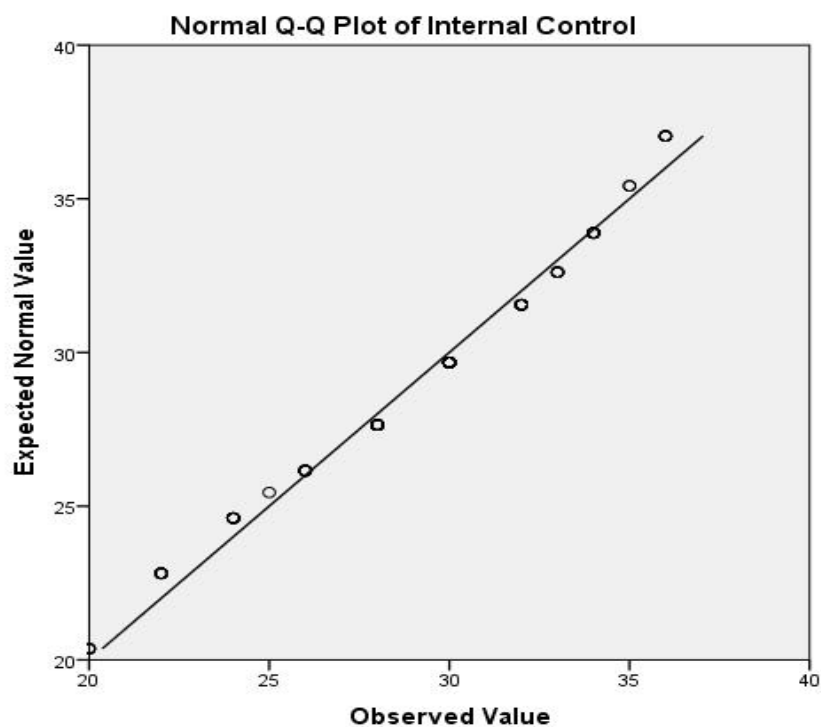
Using a Q-Q plot, the internal control normalcy test was evaluated. The expected normal values are displayed against the observed values in the plot. The majority of the data points roughly conform to a normal distribution since they mostly follow the diagonal

reference line with just slight variations. Because the distribution of internal control values did not exhibit any notable deviations from normalcy, the null hypothesis of normalcy was accepted based on the Q-Q plot.

Internal control dispersal of scores illustrated a normal Q-Q plot. The linearity of the points indicates that the data was normally distributed (Figure 8).

**Figure 8**

*Normal Q-Q Plot of Internal Control*



**Source: Author 2024**

#### **4.6.3: Test of multi-collinearity**

The study adopted collinearity statistics that comprised the tolerance statistic and variance inflation factor (VIF). The rule for this test is that a tolerance statistic considerably larger than 1 implies the possibility of multicollinearity between the explanatory variables, and if any of the variables' VIF is larger than 10, multicollinearity is present (Brooks 2008). The analysis of the test of multicollinearity is shown in Table

**Table 19***Test of multi-collinearity*

<b>Model Factors</b>	<b>Collinearity Statistics</b>	
	<b>Tolerance</b>	<b>VIF</b>
Staff Competencies	0.579	1.728
Information Technology	0.535	1.869
Internal Control	0.530	1.888
Government Policies	0.933	1.072

**Source. Author 2024.** Dependent Variable: Revenue Growth

According to the study's results, the tolerance statistics for staff competencies had a tolerance of 0.579 and a VIF of 1.728; information technology showed a tolerance of 0.535 and a VIF of 1.869. Internal control indicated a tolerance of 0.530 and a VIF of 1.888. Lastly, government policies had a tolerance of 0.933 and a VIF of 1.072 (see Table 19). The findings of the research show that the independent variables as well as the moderating variable had a tolerance of less than 1, and the VIFs were all below 10; hence, there was no multicollinearity among the study variables.

#### **4.7 Inferential Statistics**

According to Sekaran (2010), inferential statistics gives the leeway for the researcher to make predictions from the inherent data obtained from the study. As such, inferential statistics adopt a statistical model to assist the researcher in making a comparison of the sample data. In this study both the correlation analysis and regression analysis were used. The former analysis was used to ascertain the strength of the relations between the predictor variables (staff competence, information technology and internal control) and the dependent variable (revenue growth). In particular, Pearson product moment correlation was used to establish the strength of the linear relationship. The latter analysis

was used to establish the relationship between the explanatory variables and the dependent variable. Further, test statistics were applied to establish the relative significance of the consequences of each independent variable on the dependent variable. The analysis of the variance and in particular the F-test was measured, and the results showed that the value of the test statistics falls in the critical region.

#### 4.7.1 Correlation Analysis

Sekaran (2010) posits that correlation is a measure of the degree of relatedness of variables. In line with this, correlation coefficients enable a researcher to quantify the strength of the linear relationship between two or more variables (Saunders et al., 2009). In addition, Pearson's product-moment correlation coefficient,  $r$ , requires at least an interval level of measurement for the data. The rule of thumb in line with correlation analysis denotes that the size of the absolute value gives information on the strength of the relationship where  $r=0.1$  to  $0.29$  is a weak correlation,  $r=0.30$  to  $0.49$  is a moderate correlation, and  $r=0.5$  to  $1.0$  is a strong correlation. In light of this research, Pearson product moment correlation was applied to compute bivariate correlation values of all the independent variables against the dependent variable (as shown in Table 20).

**Table 20**

*Correlation on Staff Competence and Revenue Growth*

Variable		Staff Competence	Revenue Growth
Staff Competence	Pearson Correlation	1	<b>0.615**</b>
	Sig. (2-tailed)		0.000
	N	106	106
Revenue Growth	Pearson Correlation	<b>0.615**</b>	1
	Sig. (2-tailed)	.000	
	N	106	106

**Source. Author 2024**

The results show that the correlation between staff competence and revenue growth had (the correlation coefficient) an  $r$  of 0.615 and a  $p$ -value of 0.000 at 95% confidence levels. Therefore, the coefficient value was between 0.5 and 1.0, and this denoted a strong correlation between staff competence and revenue growth; hence, the variables are associated.

**Table 21**

*Correlation on automation and Revenue Growth*

Variable		Automation	Revenue Growth
Information Technology	Pearson Correlation	1	<b>0.809**</b>
	Sig. (2-tailed)		.000
	N	106	106
Revenue Growth	Pearson Correlation	<b>0.809**</b>	1
	Sig. (2-tailed)	.000	
	N	106	106

**Source. Author 2024**

According to the study's findings, the correlation between automation and revenue growth had an  $r$  of 0.809 and a  $p$ -value of 0.000 at 95% confidence levels. The results, therefore, denoted a relationship between information technology and revenue growth

**Table 22***Correlation on Internal Control and Revenue Growth*

Variable		Internal Control	Revenue Growth
Internal Control	Pearson Correlation	1	<b>0.667**</b>
	Sig. (2-tailed)		.000
	N	106	106
Revenue Growth	Pearson Correlation	<b>0.667**</b>	1
	Sig. (2-tailed)	.000	
	N	106	106

**Source. Author 2024**

Internal control and revenue growth had an  $r$  of 0.667 and a  $p$ -value of 0.000 at 95% confidence levels. The coefficient value was between 0.5 and 1.0, and this showed a strong correlation between internal control and revenue growth; hence, variables are associated.

#### **4.7.2 Regression Analysis**

According to Barbara and Linda (2007), regression analysis is a powerful statistical method that allows a researcher to determine the relationship between two or more independent variables and the dependent variable. The premise of regression analysis is to arrive at the set of regression coefficients for the independent variables. This is to bring the  $X$  values projected from the equation as close as possible to the  $Y$  values obtained by measurement. The computed regression coefficients lower the sum of the squared deviations between predicted and obtained  $Y$  values, and they improve the correlation between the predicted and obtained  $Y$  values for the data set. This study adopted the linear regression analysis models to assess the connection between the

dependent variable, which is revenue growth, and the independent variable, which comprises the assessment of revenue collection administration practices.

Further, the study used analysis of variance (ANOVA), which is a combination of arithmetical models and the associated valuation procedures used to examine the variances among group means in a sample. ANOVA brings to the fore the F-test, which comprises any statistical test in which the test statistic has an F-distribution under the null hypothesis (Gujarati, 2004). Also, hypothesis testing was conducted to establish whether the null hypothesis was to be rejected or whether the study was geared to fail to reject the null hypothesis. The dependent variable of the model was revenue growth in the county government of Marsabit, Kenya, and the independent variables of the study were staff competencies, information technology and internal control. Lastly, the study analyzed the optimal model in relation to the strength of each of the predictor variables against the dependent variable. The model of the study is presented algebraically as follows.

$$RG_{it} = \beta_0 + \beta_1 SC_{it} + \beta_2 IT_{it} + \beta_3 IC_{it} + \varepsilon \dots \dots \dots 3.1.$$

Where;

$\beta_0$ =Constant

RG=Revenue Growth

SC=Staff Competencies

IT=Information Technology

IC=Internal Control

$\varepsilon$ = Error term (the residual error of the regression)

### **i. Staff Competencies and Revenue Growth**

The first objective was to evaluate the role of staff competencies on the revenue growth in the county government of Marsabit. In this regard, the linear regression analysis model

was conducted to ascertain the relationship between the revenue growth (dependent variable) and staff competencies (independent variable), and findings were presented in table 23.

**Table 23**

*Model Summary on Staff Competence and Revenue Growth*

<b>Model Summary</b>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	<b>0.615<sup>a</sup></b>	<b>0.378</b>	<b>0.372</b>	0.398

a. Predictors: (Constant), Staff Competences

**Source: Researcher 2024**

The correlation coefficient (R) was 0.615, the coefficient of determination (R<sup>2</sup>) was 0.378 and the adjusted R square was 0.372. Therefore, the correlation coefficient showed that staff competences accounted for 61.5% of variations in revenue growth. Further, the correlation of determination showed that the independent variable accounted for 37.8% of variations in revenue growth. Lastly, the adjusted R-squared denoted that the explanatory variable accounted for 39.8% of variations in revenue growth in the county government of Marsabit, Kenya

**Table 24**

*ANOVA Staff Competence and Revenue Growth*

<b>ANOVA<sup>a</sup></b>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10.023	1	10.023	63.263	0.000 <sup>b</sup>
	Residual	16.477	104	0.158		
	Total	26.500	105			

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a. Dependent Variable: Revenue Growth

b. Predictor: (Constant), Staff Competences

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**Source: Author 2024**

The analysis of variance's regression findings (ANOVA) showed an F-statistic of 63.263, which was significant at the 5% significance level ( $p\text{-value } 0.000 < 0.05$ ). Therefore, the null hypothesis **H<sub>01</sub>**: Staff competencies have no significant role in the revenue growth in the county government of Marsabit was rejected, and the study arrived at a conclusion that the model summary of the predictor variable was significant at the 5% significance level.

**Table 25**

*Regression Analysis on Staff Competence and Revenue Growth*

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**Coefficients<sup>a</sup>**

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Model		Unstandardized Coefficients		Standardized Coefficients		Sig.
		B	Std. Error	Beta	t	
1	(Constant)	0.903	0.305		2.965	0.004
	Staff Competences	0.065	0.008	0.615	7.954	0.000

a. Dependent Variable: Revenue Growth

---

**Source: Author 2024**

The model summary results showed that the regression equation  $Y = \alpha + \beta_1 X_1 + \epsilon$  translated to  $Y = 0.903 + 0.065 X_1 + \epsilon$ . This implied that, holding all the factors constant, revenue growth had a constant of 0.903, implying that there exist other explanatory variables that result in variations in revenue growth other than the study variable (staff competencies). The regression results indicated that staff competencies had a statistically significant effect on revenue growth ( $p\text{-value } 0.000 < 0.05$ ). Holding other factors constant, a unit change in staff competencies would lead to a change in revenue growth by 0.065.

This implied that a 1% change in staff competencies results in a 6.5% change in revenue growth in the county government of Marsabit, Kenya. Therefore, this is in conformity with the statement made by Elnaga & Imra (2013) that staff trainings help employees acquire technical knowledge and abilities. Programmes such as trainings offer staff members opportunities for learning new material, developing new abilities, or advancing their careers. The study also shows that work experience, teamwork and relevant training are key variables that affect staff competence. Lack of staff training that relates to staff skills, attitude and perception, facilitation and limited legal knowledge seems to pose major challenges to the revenue collection and administration function of the county (33.6%).

In conclusion, staff skills, attitudes, facilitation, and legal knowledge, all essential for efficient tax collection and administration, are greatly impacted by a lack of training. By filling in these training gaps, the county's revenue services can operate more effectively and efficiently overall.

Lucy Akinyi Owino (2020), *Influence of Staff Competencies on Revenue Collection in Customs and Border Control Department: A Case of Busia Border Station*. The finding of the research was a strong positive relationship between employee knowledge and skills, attitude and perception, and motivation on revenue collection. The study concluded that improving staff competencies significantly enhances revenue collection. Which concur with the study in this research.

Shukri Kosaye (2018), *Factors Affecting Revenue Collection of County Governments in Kenya: A Case of Marsabit County*. The study recommended investing in staff training and development to enhance revenue collection. To sum up, each of the two case studies emphasises how important staff competency is to increasing revenue collection. They stress that in order to improve employees' knowledge, abilities, and motivation, all of

which have a favourable effect on revenue growth, continuous training and development are essential. This also agrees with the study findings in this research study.

**ii. Automation and Revenue Growth**

The second objective was to assess the effect of automation on revenue growth in the county government of Marsabit. In order to establish the relationship between the revenue growth and automation, a linear regression analysis of the model was conducted (as shown in Table 26).

**Table 26**

*Model Summary on Automation and Revenue Growth*

<b>Model Summary</b>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.809 <sup>a</sup>	0.655	0.652	0.296

a. Predictors: (Constant), Information Technology

**Source: Author 2024**

The results of the study showed that the correlation coefficient (R) was 0.809, the coefficient of correlation (R<sup>2</sup>) was 0.655 and the adjusted R square was 0.652. Therefore, the correlation coefficient showed that automation translated to 80.9% of variations in revenue growth. Further, the correlation of determination showed that the independent variable accounted for 65.5% of variations in revenue growth. Lastly, the adjusted R-squared signified that the independent variable accounted for 65.2% of variations in revenue growth in the county government of Marsabit, Kenya.

**Table 27***ANOVA on Automation and Revenue Growth*

<b>ANOVA<sup>a</sup></b>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	17.365	1	17.365	197.700	0.000 <sup>b</sup>
	Residual	9.135	104	0.088		
	Total	26.500	105			

a. Dependent Variable: Revenue Growth

b. Predictor: (Constant), Information Technology

**Source: Author 2024**

The regression results of ANOVA indicated an F-statistic of 197.700, which was significant at the 5% significance level (p-value  $0.000 < 0.05$ ). The null hypothesis **H02**: Automation of revenue collections has no significant effect on revenue growth in the county government of Marsabit was, therefore, rejected, and the study arrived at a conclusion that the model summary of the independent variable was significant at the 5% significance level.

**Table 28***Regression Analysis on Automation and Revenue Growth*

<b>Coefficients<sup>a</sup></b>						
Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	0.749	0.163		4.608	0.000
	Automation	0.058	0.004	0.809	14.061	0.000

a. Dependent Variable: Revenue Growth

**Source: Author 2024**

The outcomes of the study showed a regression equation  $Y=\alpha+\beta X_2+\varepsilon$  that expounded to  $Y=0.749+0.058X_2+\varepsilon$ . This denoted that, *ceteris paribus*, revenue growth had a constant of 0.749, implying that there exist additional independent variables that come into play in variations in revenue growth other than the study variable (information technology). The regression results showed that information technology had a statistically significant effect on revenue growth ( $p\text{-value } 0.000 < 0.05$ ). Holding other factors constant, a unit change in automation would lead to a change in revenue growth by 0.058.

This inferred that a 1% change in automation results in a 5.8% change in revenue growth in county governments of Marsabit, Kenya. Therefore, the automation of the revenue system was intended to improve the effectiveness and efficiency of revenue collection (United Nations Conference on Trade and Development [UNCTAD], 2008). This statement agrees with the research finding that shows the automation of the revenue collection and administration has a significant effect on the revenue growth. Hence, the automation of the revenue collection and administration is cost-effective in terms of revenue collections and administration, as clearly stated by [UNCTAD, 2008].

Francis N. Kibera (2017), *Effects of ICT Support Services on Revenue Collection by Kenya Revenue Authority*; this study found that ICT support services significantly improved revenue collection efficiency at the Kenya Revenue Authority (KRA). The implementation of ICT systems led to better data management, reduced errors, and increased transparency, ultimately boosting revenue collection. Harriet Karimi, Kimani E. Maina, and Jesse Maina Kinyua (2017); *Effect of Information Technology System on Revenue Collection by the County Government of Embu, Kenya*.

The study concluded that the adoption of information technology positively impacted revenue collection in Embu County. The use of these systems improved accuracy,

reduced fraud, and enhanced overall efficiency in revenue collection. Phoebe Chemosop Chebon, supervised by Dr Marion Nekesa (2019); *The Impact of System Automation on Revenue Collection in Kenya Revenue Authority, Nairobi Region*. This research highlighted the benefits of system automation, such as the iTax system, in improving revenue collection at KRA. The study found that e-payment, e-registration, and e-filing systems significantly increased revenue collection by making the process more convenient and transparent.

Every study concurs that the use of IT systems improves the effectiveness of revenue collection. Increased transparency, fewer errors, and improved accuracy are general advantages observed in all of the research. The research stresses how crucial technology is to lowering fraud and enhancing data management.

### iii. Internal Control System and Revenue Growth

The effect of the internal control system on the revenue growth in the county government of Marsabit was third objective of the research study. In this study, a linear regression analysis model was done to establish the relationship between the revenue growth and internal control.

**Table 29**

*Model Summary on Internal Control and Revenue Growth*

<b>Model Summary</b>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.667 <sup>a</sup>	0.445	0.439	0.376

a. Predictors: (Constant), Internal Control

**Source: Author 2024**

The results of the study showed that the correlation coefficient (R) was 0.667, the coefficient of correlation (R<sup>2</sup>) was 0.445 and the adjusted R square was 0.439. Therefore, the correlation coefficient showed that internal control accounted for 66.7% of variations in revenue growth. Further, the correlation of determination showed that the independent variable accounted for 44.5% of variations in revenue growth. Lastly, the adjusted R-squared denoted that the explanatory variable accounted for 43.9% of variations in revenue growth in the county government of Marsabit, Kenya.

**Table 30**

*ANOVA on Internal Control and Revenue Growth*

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.786	1	11.786	83.300	0.000 <sup>b</sup>
	Residual	14.714	104	0.141		
	Total	26.500	105			

a. Dependent Variable: Revenue Growth

b. Predictor: (Constant), Internal Control

**Source: Author 2024**

The regression results of ANOVA showed an F-statistic of 83.300, which was significant at the 5% significance level (p-value 0.000<0.05). The null hypothesis **H<sub>03</sub>**: Internal control systems have no significant effect on the revenue growth in the county government of Marsabit was, therefore, rejected, and the study arrived at a conclusion that the model summary of the independent variable was significant at the 5% significance level. This indicates that the evidence is strong enough to reject the null hypothesis in favour of the alternative hypothesis.

**Table 31***Regression Analysis on Internal Control and Revenue Growth*

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	0.832	0.258		3.223	0.002
	Internal Control	0.081	0.009	0.667	9.127	0.000

a. Dependent Variable: Revenue Growth

**Source: Author 2024**

The results of the study showed a regression equation  $Y = \alpha + \beta X + \epsilon$  that translated to  $Y = 0.832 + 0.081X + \epsilon$ . This indicated that holding all the factors constant, revenue growth had a constant of 0.832, implying that there exist other independent variables that result in variations in revenue growth other than the study variable (internal control). The regression results showed that internal control had a statistically significant effect on revenue growth (p-value  $0.000 < 0.05$ ). Holding other factors constant, a unit change in internal control would lead to a change in revenue growth by 0.081. This showed that a 1% change in internal control results in an 8.1% change in revenue growth in the county government of Marsabit, Kenya

**Table 32***Overall Model Summary*

<b>Model Summary</b>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.844 <sup>a</sup>	0.712	0.704	0.273

a. Predictors: (Constant), Staff Competences, Automation, Internal Control

**Source: Author 2024**

The results of the study showed that the overall correlation coefficient (R) was 0.844, the coefficient of determination ( $R^2$ ) was 0.712 and the adjusted R square was 0.704. Therefore, the correlation coefficient showed that all the predictor variables accounted for 84.4% of variations in revenue growth. Further, the correlation of determination showed that all the independent variables accounted for 71.2% of variations in revenue growth. Lastly, the adjusted R-squared denoted that all the explanatory variables accounted for 70.4% of variations in revenue growth in the county government of Marsabit, Kenya. This correlation showed the explanatory power of the model.

**Table 33***ANOVA for Independent Variables*

<b>ANOVA<sup>a</sup></b>						
		Sum	of			
Model		Squares	Df	Mean Square	F	Sig.
1	Regression	18.874	3	6.291	84.142	0.000 <sup>b</sup>
	Residual	7.626	102	0.075		
	Total	26.500	105			

a. Dependent Variable: Revenue Growth

b. Predictors: (Constant), Internal Control, Staff Competences, Automation

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**Source: Author 2024**

The overall regression results of the ANOVA indicated an F-statistic of 84.142, which was significant at the 5% significance level (p-value  $0.000 < 0.05$ ). This signified that the null hypothesis was rejected, and the researcher concluded that the overall model was significant at the 5% significance level. The findings showed that the assessment of staff competencies, automation and internal control had a significant effect on revenue growth in the county government of Marsabit, Kenya.

**Table 34***Regression Analysis for the Variables*

<b>Coefficients<sup>a</sup></b>						
		Unstandardized		Standardized		
		Coefficients		Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.481	0.224		6.603	0.000
	Staff Competence	0.017	0.007	0.164	2.381	0.019
	Automation	0.042	0.005	0.590	8.160	0.000
	Internal Control	0.024	0.009	0.201	2.766	0.007

a. Dependent Variable: Revenue Growth

**Source: Author 2024**

The findings in Table 31 generate a regression equation as follows:

$$RG=1.481+0.017SC+0.042IT+0.024IC$$

The regression formula above signifies that, holding all the factors constant, revenue growth had a constant of 1.481. This shows that revenue growth is deemed to change by 1.481 units, holding other factors constant in the model. The overall regression results indicated that staff competencies had a statistically significant effect on revenue growth (p-value  $0.019 < 0.05$ ). A shift of one unit in staff competencies would result in a change in revenue growth by 0.017, which translates to a 1.7% change in revenue growth in the county government of Marsabit.

Further, regression analysis revealed that automation had a statistically significant effect on revenue (p-value  $0.000 < 0.05$ ). A shift of one unit in automation would result in a change in revenue growth of 0.042, which translates to a 4.2% change in revenue growth in the county government of Marsabit. Lastly, the overall regression results showed that internal control had a statistically significant effect on revenue (p-value  $0.007 < 0.05$ ). A

shift of one-unit internal control would result in a change in revenue growth of 0.024, which translates to a 2.4% change in revenue growth in the county government of Marsabit.

In their analysis of the internal control systems of the Kenya Revenue Authority (KRA), Munyuac, J.K. & Omagwa (2018) discovered that supervisory reviews, regular reconciliation, and job segregation all had a major impact on the effectiveness of revenue collection. Likewise, Kipkemboi & Ochieng (2020) emphasized how insufficient internal controls led to revenue leaks in Kenyan county administrations. Therefore, this was in concurrence with the study that the internal control has a significant effect on revenue collection and administration.

Ibrahim, M. (2021). Effects of internal controls on revenue collection: A case of the Kenya Revenue Authority. The study found that internal controls, including control environment, risk assessment, control activities, information and communication, and monitoring, are crucial for effective revenue collection. Weak internal controls were associated with fraud, loss of revenue, and embezzlement.

Nurdin Abdi Ibrahim (2020), Effect of Internal Controls on Revenue Collection at Kenya Revenue Authority. This research highlighted that strong internal controls significantly improve revenue collection by reducing fraud and errors. The study emphasized the importance of continuous monitoring and evaluation of internal control systems. Elizabeth Mutethya Mutua (2017), The Relationship Between Internal Controls and Revenue Collection for Commercial State Corporations in Kenya. The research established a positive relationship between internal controls and revenue collection. It emphasized that robust internal controls enhance accountability and transparency, leading to improved revenue collection.

Robust internal controls are essential for efficient revenue collection and financial success, according to every study. They emphasize the significance of information and communication, monitoring, risk assessment, control actions, and the control environment. Together, these studies highlight how important internal control systems are to improving revenue collection and financial performance in various circumstances and institutions.

**iv. Test for Moderating Effect of Government Policy on Revenue Growth**

Nguyen, T.M., Ngo, L.V., & Ruël, H. (2022). posits that moderator variables affect the relationship between the dependent variable and the predictor variables of the study. Basically, the route and the level of the relationship between the dependent variable and the explanatory variables depend primarily on the importance of the moderator.

The premise of the moderating variable in this research study was to establish the moderating effect of government policies on revenue growth in the county government of Marsabit. In this study, government policy was hypothesized to be a moderator affecting the relationship between the dependent (revenue growth) and the independent variables (staff competencies, information technology and internal control) for the purpose of testing the moderating effect. The moderating effect of government policy was represented in the regression equation below:

$$RG_{it} = \beta_0 + \beta_1 SC_{it} * GP + \beta_2 IT_{it} * GP + \beta_3 IC_{it} * GP + \epsilon$$

Where;

$\beta_0$ =Constant

RG=Revenue Growth

SC=Staff Competencies

IT=Information Technology

IC=Internal Control

GP=Government Policy

$\varepsilon$  = Error term (the regression's residual error)

The null hypothesis was **H<sub>0</sub>4**: Government policies have no significant moderating effect on the relationship between revenue collection administration and revenue growth in the county government of Marsabit. Without a moderator, the study initially examined whether there was a relationship between the predictor factors and the dependent variable. This was followed by a moderator and the regression results (as shown in Table 35).

**Table 35**

*Regression Output Summary*

<b>Coefficients</b>					
<b>Model</b>	<b>Unstandardized Coefficients</b>		<b>Standardized Coefficients</b>		<b>Sig.</b>
	<b>B</b>	<b>Std. Error</b>	<b>Beta</b>	<b>t</b>	
1 (Constant)	1.481	0.224		6.603	0.000
Staff Competencies	0.017	0.007	0.164	2.381	0.019
Staff Competencies*M	(0.013)	(0.007)	(0.127)	(1.889)	(0.006)
Automation	0.042	0.005	0.590	8.160	0.000
Automation*M	(0.040)	(0.005)	(0.569)	(8.156)	(0.000)
Internal Control	0.024	0.009	0.201	2.766	0.007
Internal Control*M	(0.026)	(0.008)	(0.219)	(3.120)	(0.002)

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a. Dependent variable: Revenue Growth

R <sup>2</sup> before moderation	0.712	R <sup>2</sup> after moderation	(0.737)
Adjusted R <sup>2</sup> before moderation	0.704	Adjusted R <sup>2</sup> after moderation	(0.727)
F ratio before moderation		84.142	F ratio after moderation
(70.933)			(0.000)

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**Source: Author 2024**

Table 35 shows the model's outcomes following moderation.

$$RG=1.481+0.013X1+0.040X2+0.024X3+0.028M.$$

Table 35's findings demonstrate how government policy moderates the link between predictor variables and revenue growth in the Marsabit County Government. The modified R-square (0.727), which indicates the model's quality of fit, indicates that government policy moderated 72.7% of the link between the independent variables and revenue growth. The F-statistic (70.933), which measures the model's overall significance, showed that, at the 5% significance level, the model was significant with a p-value of  $0.000 < 0.05$ .

Additionally, the data shows that the interface term of SC\*GP has a statistically significant impact on revenue growth (p-value  $0.006 < 0.05$ ). This suggests that SC\*GP contributed positively to a change in government revenue per unit ( $\beta=0.013$ ).

Therefore, a unit increase in the interplay between government policy and staff competencies results in a 1.3% rise in revenue growth when all other parameters are held constant. The findings of the study suggest that government policy significantly and favourably moderates the association between staff abilities and revenue growth in the Marsabit County Government.

Similarly, a p-value of  $0.000 < 0.05$  indicates that IT\*GP had a significant impact on profit growth. According to this, IT\*GP contributed positively to a unit change in

revenue growth ( $\beta=0.040$ ). Thus, a unit increase in the interaction term of information technology and government policy results in a 4% appreciation of revenue growth, while all other components remain constant. Finally, the p-value for the significant effect of IC\*GP on revenue growth was  $0.002 < 0.05$ , indicating that IC\*GP contributed positively to a unit change in revenue growth ( $\beta=0.026$ ). This means that, when all other factors are held constant, a unit increase in the interaction term of internal control and government policy results in a 2.6% increase in revenue growth. There should be sufficient resources for revenue administration, effectively managed, and independent from political processes in order to maximize tax collection in accordance with the law at the lowest administrative cost and compliance cost that can be incurred by both the government and the taxpayer (Elke Asen, 2021). Changes in tax regimes, changes in governance or leadership, and new revenue bills, among other variables, which effectively affect the revenue collection if not taken keenly.

Shukri Kosaye (2018), *Factors Affecting Revenue Collection of County Governments in Kenya: A Case of Marsabit County*. The study found that automating revenue collection systems can save costs and time. It also highlighted the need for staff competence and effective internal controls to improve revenue collection. The study concluded that county governments should invest more in information communication technology and ensure that revenue collection staff have relevant skills. Jackline Onderi, Dr Andrew Nyangau, and Dr Joshua Wafula (2024), *Effect of Tax Administration Practices on Revenue Growth of Kisii County Government, Kenya:*

*A Moderating Role of Government Policies and Regulations*. This study evaluated the effect of tax administration practices on revenue growth. It found a weak but positive correlation between tax collection procedures and revenue growth. The study emphasized the importance of government policies and regulations in moderating the

impact of tax administration practices on revenue growth. According to the results of all these studies, government laws are crucial for lessening the effects of tax collection management on revenue expansion. But the particular elements and tactics that are emphasized differ between the research.

## **CHAPTER FIVE: CONCLUSION, RECOMMENDATIONS AND PUBLICATION**

### **5.1 Introduction**

This chapter provides an overview of the study's key findings and sets out to draw conclusions, offer suggestions for more research, and offer advice for practice based on the findings. The main conclusions are summarized and grouped according to the objectives of the study of staff competencies, automation and internal control on revenue growth in the county government of Marsabit, Kenya. Finally, recommendations are derived from the conclusions in accordance with the study objectives. Additionally, conclusions are offered that are consistent with the study findings.

### **5.2 Summary of Main Findings**

The primary objective of this research was to ascertain the effect of revenue collection administration on revenue growth in the county government of Marsabit, Kenya. Specifically, the study aimed to ascertain the effect of staff competencies, automation and internal control on revenue growth in the county government of Marsabit, Kenya.

#### **5.2.1 To Evaluate the Effect of Staff Competencies on Revenue Growth in County Government of Marsabit, Kenya**

The results of the study showed that staff competencies affect revenue growth in the county government of Marsabit. For instance, the participants believed that the staff is supported by the executives to perform their duties with diligence, the staff provide enough support to tax payers on how to pay the revenue on timely basis without delay, the front desk service is always available for provides any information to tax payers when necessary, coordinated team work contributes to staff productivity, good working relationship enhances, effective and efficient revenue collection hence revenue growth, work experience among staffs helps in timely delivery of services, all staff are committed to work, staff work under very minimal supervision from their supervisors, staff are well

qualified with regard to experience and staff are equipped with relevant trainings. Regression analysis revealed that a unit increase in staff competencies would result in an increase in revenue growth by a favourable influence. Additionally, the study showed that the effect of staff competencies on revenue growth in the county government of Marsabit, Kenya, was significant since it had a p-value inside the anticipated range.

### **5.2.2 To assess the Effect of Automation on Revenue Growth in County Government of Marsabit, Kenya**

Based on the study's results, the county government have access to availability of internet infrastructure, the county government have automated the revenue collection systems, have adequacy of internet services, have knowledge to work with automated technology equipment, have current and up-to-date information technology equipment for revenue collection, automation makes the work convenient and easy, the county reduces revenue leakages through automation, the county government prepares revenue reports and submits it using automated technology system, the county government use information technology to provide accurate revenue data and lastly, the county government use automated system to increase efficiency of revenue collection.

The study discovered from the regression results that a unit increase in automation would result in an increase in revenue growth by favourable influence. Additionally, the study discovered that the effect of automation on revenue growth in the county government of Marsabit, Kenya, was significant since it had a p-value, which was not as much as the set threshold.

### **5.2.3 To Examine the Effect of Internal Control and Revenue Growth in County Government of Marsabit, Kenya**

The study found that the county government of Marsabit, has adequate control systems in place for revenue collection, revenue collections is monitored at the revenue

collections centers, the department prepare revenue collections reports, the county government checks the status of department in reviewing and updating the list of tax payers, internal controls are examined and modified to prevent revenue loss in the county, the department register the new tax payers, the county government prepares and updates the lists of defaulters, the frequency of reminding defaulters to pay up necessary taxes is high, revenue staff are facilitated when they go for revenue collection exercises and lastly, revenue staff are being supervised by their line supervisors.

The study concluded, based on regression results, that a positive component would boost revenue growth for every unit rise in internal control. Additionally, the study revealed that the effect of internal control on revenue growth was significant since it had a p-value which was proportionate to the norm range.

#### **5.2.4 To Establish the Moderating effect of government policies and Revenue Growth in County Government of Marsabit, Kenya**

According to the report, government policies affect a connection between revenue collection administration and revenue growth in the county government of Marsabit, Kenya. For instance, the opinions of the respondents were that changes in national tax regimes affect revenue growth, new revenue bills by county assembly affect revenue growth, pressure from lobby groups on local taxations affects revenue growth, changes in governance or leadership affect revenue growth, changes in devolution's functions interfere with revenue collection, national revenue allocations from treasury affect revenue growth, changes in human resource compensation policies affect revenue growth, penalties on tax defaulters affect revenue growth, timely remittances of county revenue allocation from treasury affect revenue growth and lastly, county tax waivers affect revenue growth. The moderating role of government policy had an influence on the relationship between revenue collection administration and revenue growth in the county

government of Marsabit, Kenya. This implied that there is significant change in the coefficients of parameters after being moderated by the government policy.

### **5.3 Conclusion**

The general objective of the study was to assess the effect of revenue collection administration on revenue growth in the county government of Marsabit, Kenya. Among the specific objectives of the study included were the effect of staff competencies, automation, internal control and the moderating effect of government policy in relation to revenue collection administration on revenue growth in the county government of Marsabit, Kenya.

#### **5.3.1 Staff Competencies**

The general findings from the regression analysis are that the staff competencies have a positive effect on revenue growth with a relationship at ninety-five per cent confidence levels. Enhancing revenue collection is mostly dependent on the knowledge and abilities of employees. Revenue is also greatly influenced by motivation, attitude, and perception. Information communication technology (ICT) is among the abilities that staff members should possess so as to increase the efficiency of revenue collection. Effective tax collection is crucial for economic expansion since it funds government programmes and operations. Thus, the general conclusion of the analysis is that high staff competencies positively affect the revenue growth in the county government of Marsabit, Kenya.

#### **5.3.2 Automation**

Automation had a favourable effect on revenue growth in the county of Marsabit at ninety-five per cent confidence levels. Thus, the general conclusion of the analysis is that automation has a high effect on the management of revenue collection administration and on revenue growth. The study found that revenue collection was significantly impacted by technology. The relevance of automation in guaranteeing efficient tax collection was

recognized by the revenue collectors. Nonetheless, the study discovered that technology's accessibility and availability hampered efficient, ideal revenue collection.

In light of the results, revenue collection automation should be taken into account so as to fully record revenue-collecting transactions. According to the report, revenue collection was significantly impacted by technology. The relevance of automation in guaranteeing efficient tax collection was recognized by the revenue collectors. Nonetheless, the study discovered that technology's accessibility and availability hampered efficient, ideal revenue collection. The mobile applications and billing systems are found to be the most appropriate methods of revenue collection.

### **5.3.3 Internal Control**

The study's conclusions showed that internal control has a positive effect on revenue growth in the county government of Marsabit, Kenya. Effective internal controls are crucial for enhancing revenue collection, as they help to prevent fraud and ensure the revenue target is achieved. Similarly, robust internal controls are necessary for effective revenue generation, ensuring financial accuracy and preventing fraud. Thus, the general conclusion of the analysis is that internal control positively affects revenue growth in the county government of Marsabit. The study, therefore, determined that there is a substantial effect of internal control on revenue growth in the county government of Marsabit, Kenya.

### **5.3.4 Government Policy**

The moderating role of government policy has a positive influence in relation to revenue collection administration on revenue growth in the county government of Marsabit, Kenya. Policy guidelines that address the government policies can improve revenue collection and foster an atmosphere that is favourable to revenue collection and administration. Both revenue collection and financial performance can be enhanced by a

thorough revenue management policy. Although government revenue is essential for economic expansion, high taxes have the potential to deter investment and lead to less revenue collection. Thus, the general conclusion is that there is substantial change in the parameters' coefficients after being moderated by the government policy.

#### **5.4 Recommendations of the Study**

The rationale behind this study was to evaluate the specific objectives that include staff competencies, automation, internal control and moderating effects of government policy on the relationship between revenue collection administration and revenue growth in the county government of Marsabit, Kenya. Staff competencies had a strong effect on revenue growth in the county government of Marsabit, and therefore, the study recommends upscaling of staff competencies by introducing training forums on sensitization of revenue collection administration best practices. Further, the county government needs to invest in staff capacity building and timely facilitation of revenue collection teams and enhance staff knowledge on legal aspects relating to revenue collection and administration.

Additionally, the county government should improve the competency of its employees by training them to acquire the skills required for revenue collection; enforcing strict laws to deter tax evasion; regularly educating and sensitizing taxpayers; establishing procedures to address public misconceptions or inaccuracies; and delivering information in a customer-focused manner to minimize errors. The best possible revenue collection was significantly impacted by the competency of the county workers.

Automation had a strong effect on revenue growth; it is prudent for the county government to invest heavily in digital transactions by ensuring that the current digital modules are prioritized on revenue collection administration. Since the study showed a significant effect of automation on revenue growth in the county government of Marsabit,

Kenya, more emphasis is needed on mobile applications and billing systems. Based on the results, revenue collection automation ought to be taken into account so as to fully record revenue-collecting transactions. Also, to remain focused on revenue collection, the study advises the county government to make investments in digital technology and to constantly innovate the revenue collection systems. Consequently, the research study suggests the revenue collection and its administration invest in ICT infrastructure and employee training to optimize the use of technology for revenue collection. For efficient revenue collection and management at the county level, technology and information systems are essential. Internal control showed a strong effect on revenue growth, and therefore, the study recommends strong support of internal control practices in ascertaining prudent revenue collection administration in the county government.

The study report also noted some major obstacles which must be enhanced through segregation of duties among staff and preparation of daily reports. There is a correlation between income collection and the extent of internal controls, based on the study's findings. The effectiveness of internal controls can be used to gauge their level of revenue collected and administered. Thus, it is necessary to strengthen internal controls to guarantee that collected revenue is sufficiently protected against embezzlement. Strengthening revenue collection and reducing losses through the application of robust internal control mechanisms reduces revenue leakages.

Government policy has a far-reaching implication for the revenue collection administration, and therefore, it is imperative for the government to introduce sound action plans that are geared to ensure a seamless administration of revenue collection in county governments in Kenya at large. Also, the county government of Marsabit needs to introduce a robust system to reduce revenue collection evasion and also institute legislation to enhance prompt payments and revenue collection on a timely basis. The

county government ought to implement regulations into action, fortify institutional frameworks, and use tactics to improve revenue collection. Reorient revenue collection incentives to be time-bound and growth-orientated, increase revenue compliance, encourage investments, and broaden the revenue base

### **5.5. Recommendations for Further Research**

The results of the predictor variables accounted for seventy-one point two per percent of variations in revenue growth at a five per cent significance level. This means that other factors not studied in this research contribute twenty-eight point eight per percent of revenue growth in the county government of Marsabit, Kenya. Therefore, there is a need for further studies on other factors of revenue collection administration and revenue growth in county governments in Kenya. Therefore, studies propose the following areas for further study: More empirical techniques might be employed to improve the study's conclusions, which primarily depended on the respondents' opinions and the Likert scale. Using historical data on county governments' income collection can help.

To determine whether the circumstances are the same as in Marsabit, the study might be conducted again in other counties. Since the majority of the study's sample and population came from Marsabit, research should be done to see if other counties have the same issues with revenue collection. To evaluate any potential changes, the study might also be conducted again at a later date. Because the problems that revenue collection faces are ever-changing, the study can be conducted again in the future to see if the issues identified and the solutions proposed here still apply. Additionally, this can also be done to incorporate the other counties that were included in this research study.

## **5.6 Publication**

Roba ,D., Dawe,S.,& Huka, S. (2025). Effects of Staff Competencies and Automation on Revenue Growth in County Government of Marsabit, Kenya. *Journal of Economics and Finance*, 16(3), 39–48.

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## APPENDICES

### Appendix I: Introduction Letter

Denge Bonaya Roba,

P.O. Box 972-60200

Meru, Kenya.

Dear Respondents,

#### **RE: DATA COLLECTION**

I am a Post graduate student at Meru University of Science and Technology (MUST). In Partial Fulfillment of Master's degree in Business Management (**Finance Option**), I am currently conducting research on Assessment of Revenue Collection Administration on Revenue growth in County Government of Marsabit, Kenya.

Your department forms part of my research respondents. Please fill the attached questionnaires for me. The information you give will be used for academic purpose only and will be treated with utmost confidentiality.

Thank you

**Yours Faithfully**

  
**Denge Bonaya Roba**

## Appendix II: Questionnaire

### Section A: Demographic and General Information

*(Instruction: Tick in the Brackets as Appropriate)*

1. What is your current position in County Government of Marsabit?
  - a) Chief officers ( )
  - b) Directors ( )
  - c) Internal Auditor ( )
  - d) Accountant ( )
  - e) Revenue officer ( )
  - f) SCM Officer ( )
  - g) Revenue clerk ( )
  - h) Clerical officer ( )
2. What is your gender: Male ( ) Female ( )
3. In which department are employed?
  - a) Finance ( )
  - b) Economic Planning and Budgeting ( )
  - c) Revenue and Resource Mobilization ( )
4. What is your age bracket?
  - a) 18 -35 Years ( )
  - b) 36- 45 Years ( )
  - c) 45- 50 Years ( )
  - d) Above 50 Years ( )
5. What is your academic highest qualification?
  - a) Secondary ( )
  - b) Certificate ( )

- c) Diploma ( )
  - d) Graduate ( )
  - e) Post Graduate ( )
  - f) PhD ( )
6. How many years did serve Marsabit County Government?
- a) 0 – 1 Year ( )
  - b) 1 – 5 Years ( )
  - c) 5 – 10 Years ( )
  - d) 11- 15 years ( )
  - e) Above 15years ( )
7. What is your employment status in the County?
- a) Permanent and Pensionable ( )
  - b) Contract ( )
  - c) Contingent Staff ( )
8. Please indicate your sub county
- a) Moyale ( )
  - b) Laisamis ( )
  - c) North Horr ( )
  - d) Saku ( )

**Section B: Staff Competencies and Revenue Growth**

9. This section seeks your response to various aspects of staff competencies in relation to revenue growth in county government of Marsabit, Kenya. Please tick as appropriate in the spaces provided, where: 5=Strongly Agree (SA), 4= Agree (A), 3=Neutral (N), 2=Disagree (D), 1=Strongly Disagree (SD).

<b>S/N</b>	<b>County Revenue Staff Competence</b>	<b>SA</b>	<b>A</b>	<b>N</b>	<b>D</b>	<b>SD</b>
a)	The executives' assistance improves employees' attitudes and motivates them to carry out their responsibilities with thoroughness.					
b)	The staff possess adequate knowledge to effectively support taxpayers in paying revenue on time without delays.					
c)	When taxpayers require information, the front desk employees have necessary skills to give the right feedback.					
d)	Employees demonstrate a favourable attitude towards well-coordinated teamwork, which enhances staff productivity.					
e)	Employee collaboration skills enhance revenue development and collection.					
f)	Experienced employees have the necessary knowledge to complete jobs efficiently and on time.					
g)	Workers exhibit an optimistic outlook that shows a deep dedication to their jobs.					

h)	Self-management skills displayed by staff members lessen the need for constant supervision.						
i)	Employees' understanding of best practices and work processes has expanded as a result of their experience.						
j)	Staff are enthusiastic about using the knowledge they get from training in their jobs.						

k) What are some of the key challenges related to your competencies that affect your revenue collection? .....

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**Section C: Information Technology and Revenue Growth**

10. This section seeks your response to various aspects of information technology in relation to revenue growth in county government of Marsabit, Kenya. Please tick as

appropriate in the spaces provided, where: 5=Strongly Agree (SA), 4= Agree (A), 3=Neutral (N), 2=Disagree (D), 1=Strongly Disagree (SD).

S/N	Automation on Revenue Growth	SA	A	N	D	SD
a)	Availability of Internet infrastructure					
b)	Automation of the county revenue collection systems					
c)	Adequacy of internet services are					
d)	Knowledge to work with information technology equipment					
e)	Current and up-to-date information technology equipment for revenue collection					
f)	Automation for making the work convenient and easy					
g)	Reducing revenue leakages through automation					
h)	Revenue reports preparation and submission using information technology					
i)	Use of information technology to provide accurate revenue data					
j)	Use of Information technology to increase efficiency of revenue collection					

k) What are your suggestions on the best automated methods of revenue collections within County Government of Marsabit?.....

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**Section D: Internal Control and Revenue Growth**

11. This section seeks your response to various aspects of internal growth in relation to revenue growth in county government of Marsabit, Kenya. Please tick as appropriate in the spaces provided, where: 5=Strongly Agree (SA), 4= Agree (A), 3=Neutral (N), 2=Disagree (D), 1=Strongly Disagree (SD).

S/N	Internal Control	SA	A	N	D	SD
a)	There are adequate control systems in place for revenue collection					
b)	Monitoring of revenue collections at the revenue collections centers					
c)	The department prepare revenue collections reports					
d)	The status of department in reviewing and updating the list of tax payers					
e)	How often are internal controls examined and modified to prevent revenue loss in the county					
f)	How often do the department register the new tax payers?					
g)	How often are the lists of defaulters prepared and					

	updated?					
h)	The frequency of reminding defaulters to pay up necessary taxes?					
i)	Revenue staff are facilitated when they go for revenue collection exercises.					
j)	Revenue staff are being supervise by their line supervisors.					

k) How can county government of Marsabit improve efficiency of internal control systems measures in order to increase revenue collections? .....

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**Section E: Government Policies and Revenue Growth**

12. This section seeks your response to various aspects of government policies in relation to revenue growth in county government of Marsabit, Kenya. Please tick as appropriate in the spaces provided, where: 5=Strongly Agree (SA), 4= Agree (A), 3=Neutral (N), 2=Disagree (D), 1=Strongly Disagree (SD).

S/N	Government Policies	SA	A	N	D	SD
a)	Changes in national tax regimes					
b)	New revenue bills by county Assembly					
c)	Pressure from lobby groups on local taxations					
d)	Changes in governance or leadership					

e)	Changes in devolution's functions interferes with revenue collection					
f)	National revenue allocations from treasury					
g)	Changes in human resource compensations policies					
h)	Penalties on tax defaulters					
i)	Timely remittances of county revenue allocation from treasury					
j)	County tax waivers					

k) How does policies influence revenue collection administration in county government of Marsabit? .....

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**Thank you very much**

### Appendix III: Secondary Data Collection Form

Own-Source Revenue Collection trends against the revenue targets.

<b>Financial Years</b>	<b>Revenue Targets (Millions)</b>	<b>Revenue Collected (Millions)</b>
F/Y 2017/2018	120	129.6
F/Y 2018/2019	140	83.6
F/Y 2019/2020	170	126.7
F/Y 2020/2021	150	110.3
F/Y 2021/2022	170	99.56
<b>Total</b>	<b>750</b>	<b>549.76</b>

Source: controller of Budget (2022)

## Appendix IV: NACOSTI Permit

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<b>This is to Certify that Mr.. DENGÉ BONAYA of Meru University of Science and Technology, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Marsabit on the topic: ASSESSMENT OF REVENUE COLLECTION ADMINISTRATION ON REVENUE GROWTH IN COUNTY GOVERNMENT OF MARSABIT, KENYA for the period ending : 28/May/2025.</b>	
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## Appendix V: Publication

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# Effects of Staff Competencies and Automation on Revenue Growth in County Government of Marsabit, Kenya

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### Abstract

The Kenya 2010 Constitution was expected to enhance service delivery to Kenyans by devolving political and administrative responsibilities to County Governments. Resources required to support service delivery is from both local revenues and national government. Observably, in Marsabit County local revenue collections have continued dwindling even though empirical research has not been done to analyze this decline. Thus, this study was designed to assess the effect of staff competencies and automation of revenue collection on revenue growth in Marsabit County. A descriptive survey design was adopted for this research with 106 respondents from Department of Finance, Economic Planning and Budgeting. Data was collected using survey questionnaires complemented by secondary data from National Treasury annual reports. Data analysis employed correlation analysis and multiple linear regression. The findings of the study showed that, staff competencies and information technology influenced revenue growth in County Government of Marsabit. The study recommends upscaling of staff competencies by introducing training programs on revenue collections and administration and sensitization of staff on revenue collection administration best practices as well as investment in digitization of revenue collection processes.

**Key Words:** Competencies, Automation, Revenue Growth, performance

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## I. BACKGROUND OF THE STUDY

Revenue collection is an essential component of any government's fiscal policy, as it enables the government to provide public goods and services to its citizens. The effectiveness of revenue collection administration is crucial in achieving sustainable development, especially in developing countries. The lack of effective revenue collection administration can lead to poor public service delivery, corruption, and unsustainable debt levels (Fombad, C. M., & Steytler, N. (Eds), 2019). According to the International Monetary Fund (IMF), increasing revenue is necessary to finance public goods and services and reduce reliance on foreign aid and borrowing (Stubbs, T., Reinsberg, B., Kentikelenis, A., & King, L. 2020).

In developing countries, domestic revenue mobilization remains a challenge including weak tax administration, limited tax bases, and a high level of informality (Mpofu, F. Y. (2022). A study by Nama, K., Chikukwa, T., Lourens, M. E and Daweti, B. (2022) in South Africa concluded that training and development enhanced skills and knowledge of employees in South African Municipality. It further increased quality of workers' knowledge and skill in preparation for more specialized tasks and assignments

The impact of information systems and technology on revenue collection of the County Government of Embu, Kenya was studied by Kithinji, J. G., Muturi, W and Kibati, P. (2025). Information systems and technology integration had a favourable impact on revenue collection, according to the study. The study emphasized crucial roles of implementing contemporary technology, update ICT infrastructures, and creating supportive regulations in order to improve the effectiveness of revenue collection. In addition, Karimi, A, Smith, J and Brown L (2017) affirmed that automation maximize revenue collection and reduce tax avoidance and tax evasion in Kenyan Counties.

Kenya's governance structure underwent a significant transformation in 2010, moving from a unitary to a two-tier devolved framework (Gathii, J. T., & Otieno, H. M. , 2018). The national government and county departments were brought on board as a result of this constitutional changes. Most county governments have not been able to mobilize resources effectively resulting to under development and poor service delivery that do not meet citizen's expectations, with key services such as health care, water, sanitation, education, and other public services remaining dismal ( Ng'ang'a et al., 2021). County governments largely, depend on Central Government for transfers of exchequer from the National Treasury. Occasional delay of fund transfers results into stagnation of development activities in the counties. Public Finance Management Act (PFM, Section 207), established

## Appendix VI : Plagiarism Report

