GOVERNANCE FRAMEWORKS AND REVENUE ENHANCEMENT IN DEVOLVED GOVERNMENTS IN KENYA

WILLIAM ODUOL

DOCTOR OF PHILOSOPHY

(Leadership and Governance)

JOMO KENYATTA UNIVERSITY

OF

AGRICULTURE AND TECHNOLOGY

2023

Governance Frameworks and Revenue Enhancement in Devolved Governments in Kenya

William Oduol

A Thesis Submitted in Partial Fulfillment of the Requirements for the Degree of Doctor of Philosophy in Leadership and Governance of the Jomo Kenyatta University of Agriculture and Technology

2023

DECLARATION

This thesis is my original work and has not been presented for a degree in any other University.

Signature…………………………………………………….Date…………………………..

William Odhiambo Oduol

This thesis has been submitted for examination with my approval as University Supervisor

Signature…………………………………………………….Date…………………………..

Dr. Dennis Juma, PhD

JKUAT, Kenya

Signature…………………………………………………….Date…………………………..

Dr. Joseph Onyango, PhD

Strathmore University, Kenya

DEDICATION

I dedicate this PhD Research work to my beloved father, the late Lawrence Oduol, my wife Christine and all our children. I thank them for their undying love, encouragement, support, patience and prayers during the long period of my doctorate study. May God shower you with His blessings?

ACKNOWLEDGEMENT

I take this opportunity to thank my business partner, who from time to time, allows me to leave from work to pursue my studies. I also acknowledge the lecturers who guided me in my course work and particular mention to Prof. Luke Oyugi, Dr. Martina Mutheu and Dr. Esther Waiganjo, for their resourcefulness.

I thank the management of JKUAT, Karen campus through the Principal Prof. Kwanza, for providing me with an enabling environment to pursue this course. To my classmates, especially Dr. Patrick Bucha, thank you for the many presentations and discussions we had together as a team and thank you for bestowing on me the responsibility of being your class representative.

My special gratitude goes to my dedicated, keen and hardworking supervisors, Dr. Dennis Juma and Dr. Joseph Onyango whose valuable support towards the development and completion of this work were immense. Thank you for your guidance, review, helpful critique and encouragement during the thesis preparation. Finally, to my family, I thank you sincerely for the unwavering support throughout my study.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF APPENDICES

ABBREVIATIONS AND ACRONYMS

ACF	Autocorrelation Function curves
CBB	Central Budgeting Bureau
CBK	Central Bank of Kenya
CFA	Confirmatory Factor Analysis
CIDP	County Integrated Development Plan
COK	Constitution of Kenya
CRA	Commission for Revenue Allocation
EFA	Exploratory Factor Analysis
ERCS	Electronic Revenue Collection System
GDP	Gross Domestic Product
GOK	Government of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
ICT	Information and Communication Technology
IFIMIS	Integrated Financial Management Information System
LAIFORMS	Local Authority Integrated Financial Operations Management System
LASDAP	Local Authority Service Delivery Action Plan

LATF	Local Authority Transfer Fund
MDGs	Millennium Development Goals
MoLG	Ministry of Local Government
PACF	Partial Autocorrelation Function curves
RTGS	Real Time Gross Settlement
SID	Society of International Development
SPSS	Statistical Packages for Social Sciences
TFDG	Taskforce on Devolved Government
VAT	Value Added Tax
KRA	Kenya Revenue Authority
EACC	Ethics and Anti-Corruption Commission
GCP	Gross County Product
WDM	Waterburg District Municipality
OSR	Own Source Revenues
RBV	Resource Based View
VIF	Variance Inflation Factor
PMDU	Prime Minister's Delivery Unit
NACOSTI	National Commission for Science, Technology and Innovation

DEFINITION OF TERMS

Governance framework A set of policies, rules and guidelines that directs how people interact with the organization, regulators and stakeholders to closely guide and monitor operations. Governance frameworks exist to ensure that a company remains in compliance and operates within legal boundaries (Knoepfel et al, 2011).

Devolution This is a term that refers to the power transfer from the central government to the sub national states, regional, or local authorities (Chapman, 1992).

Devolved Refers to the transfer of decision-making authority from central government to county governments (Otieno, 2013).

Revenue Refers to the total amount of income generated by the sale of goods or services rendered and, in this case, the total amount of money generated from the Devolved governments' operations (Kamolo, 2014).

Revenue collection is the amount of money collected by government agencies from taxation, customs, excise duties and other sources that are meant for payment of public expenses (GoK, 2010).

Revenue enhancement are the processes that are put in place to increase the revenue collection by the authority especially by way of increasing the tax base (Kangave, 2004).

Revenue management Revenue Management is a management strategy for ensuring good financial performance and survival of an organization (Li, Miao, & Wang, 2013).

Regulatory frameworks are laws and policies at multiple levels (national, regional and local) that operate interdependently and together can be considered to constitute an overall framework within which citizen and government action takes place (Rai, 2004).

Maximization Refers to the increase to the greatest possible amount or degree, in this case to increase to the greatest possible amount what County government collects for its operations (Ndonga, 2014).

Local Authority integrated financial and operations management system a platform that helps the local authority administrators to interpret the financial outcomes of operational decision-making. The tool assists the administrators choose whether the local authority's programs, financial health is efficient and effective than it was in the preceding accounting periods (Kirira, 2011).

Government Policies The principles or rules to guide decisions and achieve rational outcomes. They are customarily used to denote what happens, either procedure or protocol (Elachi, 2014).

Policy This is generally the purposive course of action that involves adherence to consistent procedures when dealing with problems (Babbie, 2001).

Public Participation Is the process that allows an organization to consult with the stakeholders before settling on a decision (Otwani, 2016).

Financial Management is the efficient and effective management of money in a manner that achieves the objectives of the organization (Wandera, 2016).

Capacity is the ability to perform functions, solve problems, and set and achieve objectives (Fukuda & Lopes, 2013).

Human Capacity Individuals or Employees' mental of physical ability to perform functions, solve organizational problems, and set and achieve objectives (Fukuda & Lopes, 2013).

Institutional Capacity The capability of an institution to set and achieve social and economic goals, through knowledge, skills, systems, and institutions (UNDP, 2016).

Legislation The exercise of power that entails making rules and laws that have the force of authority and under their promulgation by an official or organ of the state (Muturi, 2014).

Public Is the general population that include the community that is to be served by the county Government (Wandera, 2016).

Implementation Means to designate all activities involving the execution of a piece of legislation (Knoepfel, Varone & Mill, 2011).

Policy Implementation Referred to series of activities undertaken by County government and any others organs to achieve the goals and objectives articulated in policy statements (Effiong, 2013)

ABSTRACT

Revenue enhancement has been a challenge to the decentralized units since the introduction of the county governments in Kenya. This study was an attempt to evaluate the role that governance frameworks play in the enhancement of the county revenue collection ecosystem. The study aimed to understand and aid in the design of an effective revenue mobilization strategy informed by the existing best practices. The study was guided by the following specific objectives: To examine the influence of institutional capacity, policy implementation, regulatory frameworks and human capacity on revenue enhancement in the devolved governments. The research applied the correlation research design. The study sample was drawn from a representation of the present 47 counties in Kenya. The study sampled 5 counties representing 10% of the counties using a sample size of 439 respondents. Primary data was collected by the use of structured questionnaires. The collected data was analysed using Statistical Package for Social Sciences (SPSS) version 22. The study results showed that counties are striving to have in place adequate institutional capacity for revenue collection and strengthening of the existing institutions through automation as a means to increase revenue collection in the counties. The research also indicated that human capacity was inadequate within the counties and this had a negative influence on revenue enhancement. Revenue can be optimized only when county staffs have the requisite skills and reasonable educational backgrounds that matched their job descriptions. On policy implementation, the study revealed high scores on the levels of formulation and implementation of policies in the devolved governments. Further, the study has indicated that strong citizen participation and continuous staff training enhance county revenue. On regulatory frameworks, the study established a positive contribution towards county revenue enhancement, especially where adequate regulatory mechanisms exist such as code of ethics to deal with corruption and cartels in the county. The variable regulatory frameworks had the strongest linear relationship while policy implementation had the weakest. The study therefore recommends that County Government should majorly focus on the implementation of the existing regulatory frameworks so as to operationalize them rather than just establishing numerous policies on revenue collection. The study then suggests further research on the existing integrated financial management systems as implemented and adopted by the county government to guide revenue collection since it does address the management issues that come with local revenue collections against institutional set standards for revenue collection modules. The findings is of benefit to national government in familiarizing themselves with the roles of county governments in enacting effective and efficient strategies to be applied in revenue collection optimisation.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Despite the many strides made towards the improvement of services to the Kenyan citizenry since the introduction of devolved Governments, revenue collection remains a prerequisite for the implementation of local government plans and programmes.

The Kenya County Own Source Revenue Report (2019), in its review of the first six years of devolution, noted that strengthening local revenue performance is essential to creating fiscal space for local developmental needs. They added that all counties were raising less than 40 per cent of their estimated revenue potential except counties with game parks. Counties that have a larger economic size (county GCP) have higher revenue collections than small economic sized counties. Counties with higher economic diversification collect more own-source revenue compared to counties with lower economic diversification.

Global Perspective

Revenue enhancement can be attained by increasing the collection of taxes, excise and customs duties, issuing of licenses or other sources of income to facilitate smooth execution of government operations. Public revenue collection is a vital component of the fiscal policy and administration within an economy due to its impact in national government functions and the operations at the grassroots.

While citing the contributory factors to Governance failure in Malaysia, Sulaiman and Ahmad (2017) observed that organizations need to control their procedures and enforce compliance to laws and procedures that govern their activities. In his study, Gatamah (2004) stressed that corporate governance is focused with the social political as well as legal environment in which the organization operates, systems practices and procedures by the formal and informal rule. They stressed the significance of integrity, transparency and accountability while conducting any business.

Bahl and Smoke (2003) posits that the strengthening of domestic revenue bases is essential to creating fiscal space for local developmental needs and eventually translates into the development of the public. Ma, Pagan, Chu and Soydemir (2012) studied revenue enhancement through mergers and acquisitions. They however, note that when the target is a private firm or a subsidiary, bidder firms realise higher positive returns than that when the target is a public firm. This means that it is more difficult for public organizations to gain partnerships that would raise their revenue and earnings. Inefficient methods of collecting revenue negatively affect the profitability of businesses (Rao & Apparao, 2014). This is confirmed by Koehler, Thomson, and Hope (2015) who noted that leaders of public water utilities in Africa, as a whole, fail to collect revenue from about 20-50% of their customers.

1.1.2 Regional perspective

Jacobs (2019) assessed how South African municipalities can enhance revenue amidst the overwhelming socio-economic odds. His conclusion was that Municipalities should ensure that adequate processes and procedures are in place to ensure that all services rendered are correct and complete. Recognising these challenges, The Waterburg District Municipality (WDM, 2022) developed another South African effort to identify and implement revenue enhancement strategies that boost the Municipality in its efforts towards improved revenue collection. They noted that WDM had limited opportunities for revenue due to reduced powers and functions and therefore fully dependent on Government grants. This made them unable to execute their service delivery programs to their stakeholders.

In Ghana, Akorsu (2015) asserted that revenue mobilisation of the local government, municipal, and district assemblies had been poor, forcing them to rely entirely on budget allocation from the central government. The study found out that they were unable to mobilise adequate resources due to their use of traditional means of mobilising funds.

Namaliya (2017) confirmed that Africa has a high rate of revenue under-collection especially in public water utility companies. They add that addressing inefficiencies in collecting water fee revenues will facilitate positive social change by increasing profits, growing the water business and reducing the crime rate by employing more people.

Moffat and Anyumba (2017) explored the revenue enhancement strategies in Rural parts of South Africa. Their findings were that the major constraints to revenue enhancement in rural municipalities are attributed to ineffective municipal business model and structural constraints.

Abiola and Asiweh (2012) studied the impact of tax administration on Government revenue in Nigeria as one of the Developing Economies. Their study showed that Nigeria lacked the necessary enforcement machinery to ensure consistency in tax revenues.

Katunzi and Mfungo (2020) looked at engaging small taxpayers in the enhancement of revenue collection for local government authorities in Tanzania. They observed that targeted revenues as planned by local governments are not met. The resulting deficit in revenues in Tanzania are caused by poor tax-compliance on small taxpayers who in turn are the most beneficiaries of the services provided by local authorities. However, strategies to engage them and an extent to which they should feel engaged in the exercise of revenue collection seem not to be fully explored in Tanzania.

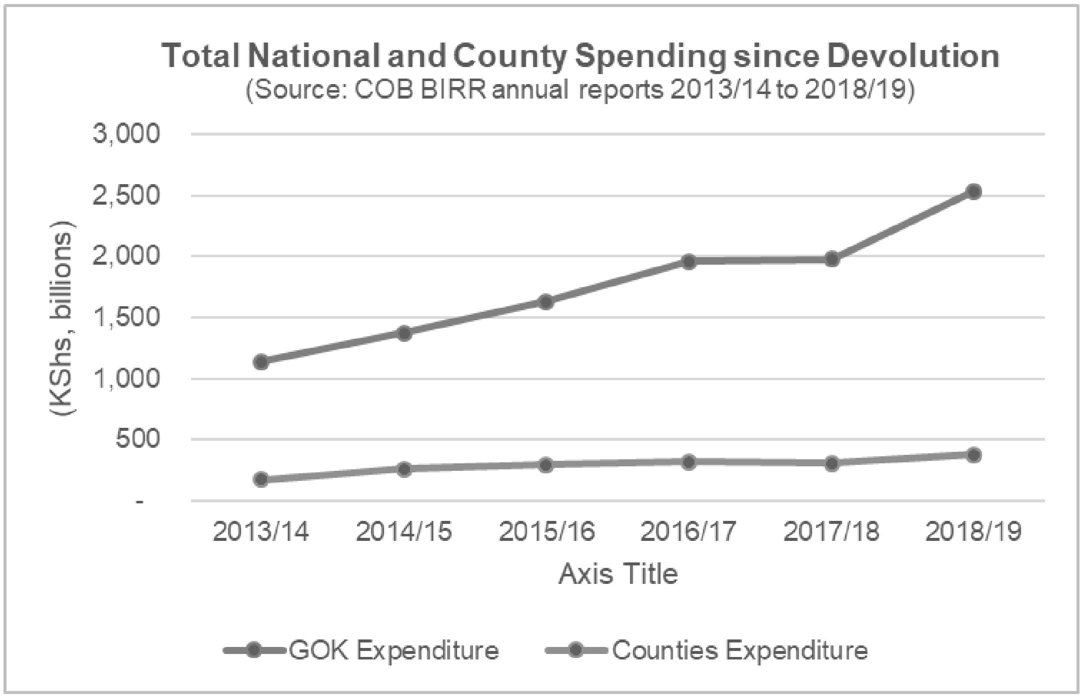
1.1.3 Local Perspective

In the past few years in Kenya, the operations of the government from a national management level to government structure has undergone significant political change the most recent being the enactment of a new constitution in the year 2010. The new constitution devolved 47 county governments. Each of the counties is self-governing with some support being offered by the national government. Most of the counties are still in the process of implementing systems that allow them to optimize and put in place compelling means of collecting revenues in the county. This research sought to determine revenue enhancement strategies that counties may employ.

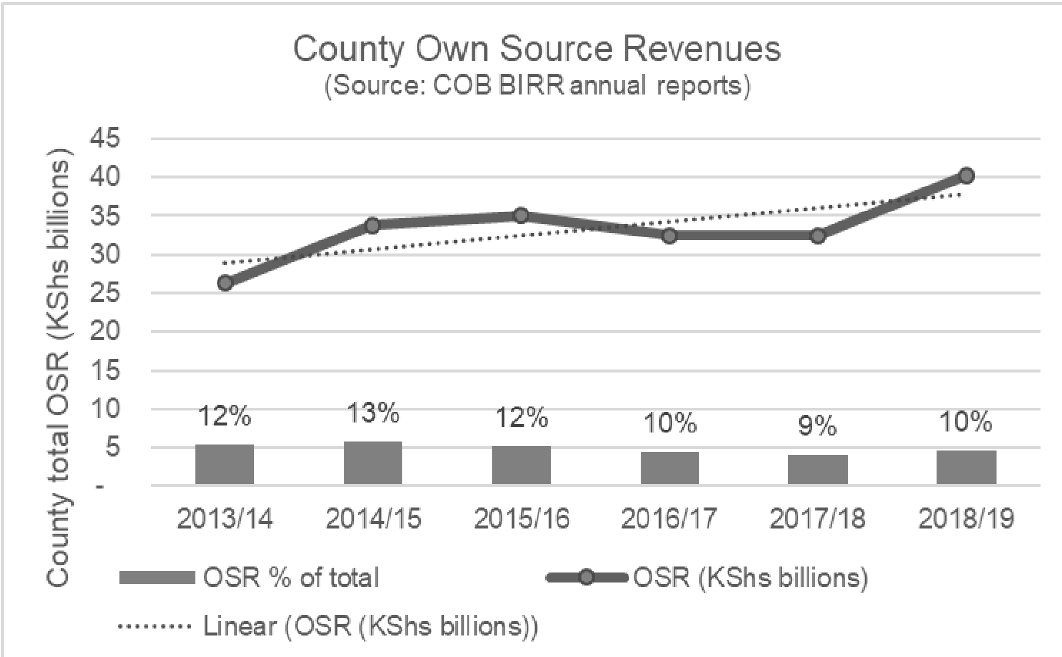
The Constitution of Kenya (2010) identifies sources of revenue for County Governments such as transfers from nationally raised revenues; raising their own revenue; and borrowing subject to Article 212. County Governments are empowered to generate revenue from their own sources which consist of property rates, entertainment taxes and any other tax that they are authorized to impose through an Act of Parliament. Most of the revenue received by County Governments comes as transfers by the National Government accounting for between 88 and 91per cent of their revenue. This shows an over reliance on the national governments as a source of revenue. This has often resulted in adverse performance issues for counties especially delays in provision of services to the public and delays in recurrent expenditure.

A National Treasury 2018 study on revenue streams by county governments in Kenya showed that the six key revenue streams by counties were property tax, building permits, business licenses, liquor licenses, vehicle parking fees and outdoor advertising. These streams had adequate policy rationale, clear legal basis, a high contributor and a revenue-raising objective applicable across all counties.

A County Own Source Revenue Report (2019) showed that since the inception of devolution in Kenya, county revenues – hence expenditures – have progressively increased but during the same period the national government revenues and spending have increased at a significantly faster pace. This is shown by figure 1.0 below



Own source revenues are clearly important for their financial contribution to the functioning of county governments and funding of service delivery. Counties' OSR collection has slightly increased since the inception of devolution (blue line with its respective dotted upward trend) but at a pace slower than inflation. As county spending and intergovernmental transfers increased over the years, OSRs declined in real terms and as a proportion of total county revenues (yellow bars).



Scholars have not been left behind in weighing in on this discussion. Kamolo (2014) at the onset of devolution, noted that county governments were resigned to exclusively look to the central government for capital funding to establish or maintain programs that can benefit the local population. The study recommended that county governments need to collect additional revenue by way of taxes to finance the increasing expenditures by the county and to keep a balance between the county's budgetary allocations and collection of revenue. On the other hand, Kondo (2015) studied revenue enhancement strategies for KRA. He observed that taxpayer education, computerized operations, staff training and revenue collection points influenced financial performance. He recommended constant review of revenue strategies to improve tax collection and tax evasion.

Nyaundi and Muturi (2018) studied the factors affecting revenue collection efficiency in county governments in Kenya. They observed that the largest proportion of financial are sourced from national governments. This, they attributed to the county governments' insufficient capacity to mobilize revenues within their jurisdictions. This points to the fact that the existing revenue sources have not been tapped by these devolved governments in Kenya yet. At the onset of devolution in Kenya, Ndungu (2013) noted that ineffective tax structure and Corruption were identified to be the main challenges that inhibited revenue collection. His main variables focused on staff competency and tax payer education.

Ndonga (2014) identifies the revenue enhancement challenges as inaccessible markets, corrupt revenue collection officials, duplicate receipts for payments, payments without the issuance of receipts, money going to individual pockets, fines paid by taxpayers and no county receipts issued for the same among other challenges. Others are failures in the regulatory frameworks and policies governing the exercise.

Madegwa, Nambuswa and Namusonge (2018) studied automation of revenue collection on the Performance of County Government of Transnzoia. They confirmed that automation was resulting in reasonable financial gains for counties but needed to be paid attention to. On their part, Murimi, Wadongo and Olielo (2021) looked at determinants of revenue management practices and their impacts on the financial performance of hotels in Kenya. Their study paid attention to financial performance and development of a theoretical model for revenue management.

An UN-HABITAT Report (2017) on supporting revenue enhancement in Kiambu County, Kenya observed that the success of the counties will now be determined not by their duplication of past practices of local governments that were primarily dependent upon the National Government for the provision of services and funding but by their local actions. Counties must, thus, play a critical role of revenue collection for purposes of service delivery and infrastructure development.

1.1.4 Devolved Governments in Kenya

Kenya has undergone a significant political change in the last few years and quest for a devolved system of governance in Kenya popularly referred to, as ‘devolution’ has been a long standing one. The promulgation of the Constitution of Kenya 2010 (CoK, 2010) on 27 August 2010 has led to the realization of the "dream" Devolved governanment. Chapter Eleven (Cap 11) of CoK 2010 onf Devolved Government provides for the setting up of the County Governments. The Constitution divides Kenya into forty-seven (47) counties with clearly defined geographical boundaries. This is found in Article 6 (1) and in the First Schedule. The boundaries of each of the counties has been drawn by the Independent Electoral and Boundaries Commission (IEBC) as provided for by the Constitution. In this new constitution, the government's operations have been devolved from a national management level to largely independent running County Governments. Devolved Government was put in place to promote democratic and accountable exercise of power through fostering national unity by recognizing diversity, give powers of self-governance to the people and enhance the participation of the people in the exercise of the powers of the State and in making decisions affecting them, recognizing the right of communities to manage their own affairs and to further their development, protect and promote the interests and rights of minorities and marginalized communities, promote social and economic development and the provision of proximate, easily accessible services throughout Kenya, ensuring that there is equitable sharing of national and local resources throughout Kenya, facilitating the decentralization of State organs, their functions and services, from the capital of Kenya; and enhancing checks and balances and the separation of powers (CoK, 2010). Each County is self-governing with some support from the national government. Though the constitution provides for proper governance frameworks at the county levels, problem still exist on how the existing governance frameworks can be used to enhance revenue in the devolved government and this prompted the researcher to use the devolve government as the unit of Analysis.

1.2 Statement of the Problem

Revenue enhancement is a global phenomenon and plays a vital role in the public sector organizations. A number of researchers have delved into this domain to establish the issues around its challenges and opportunities. Gyamfi (2014) while exploring effective revenue mobilization by district assemblies in Ghana concluded that some of the issues undermining effective revenue collection were inadequate data regarding the revenue sources, lack of properly enforced revenue mobilization by-laws, few and poorly trained revenue collectors. Cottarelli (2011) while studying revenue mobilization in a section of developing nations came up with the conclusion that a lot needed to be done by the respective countries to maximize the revenue collection in most African countries. Other researchers have focused on control of rules and procedures to ensure compliance to revenue collection (Saleiman & Ahmed, 2017), revenue enhancement through mergers and acquisitions (Ma et al, 2012), inefficient revenue collection methods leading to low profitability (Rao & Apparao, 2014) and inability by leaders to collect revenue (Hope, 2015).

The debate about revenue enhancement has continued further home in the African continent. Jacobs (2019) studied how South African firms can maximize revenue collection. Katunzi and Mfungo (2020) addressed small scale tax payers and revenue enhancement. Other studies (Abiola & asiweh, 2012; Moffat & Anyumba, 2017; Akorsu, 2015) have paid attention to tax administration on government revenue, revenue enhancement strategies and reliance of local governments on central government revenue.

In Kenya, Kondo (2015) studied revenue enhancement strategies on financial performance of the Kenya Revenue Authority. Maina (2010) studied factors influencing the collection of revenue in local governments in Nyeri Municipality Council and found out that it was marred with severe inefficiencies that affected its effectiveness. Muhaki (2019), on a study of the factors impacting revenue collection in the local governments in Uganda ascertained that there were several constraints to the prevailing local revenue generation. According to the County Own Source Revenue Report (2019), revenue had increased a little but spending had nearly doubled. Other studies on revenue enhancement have been done to assess the factors affecting revenue collection, ineffective revenue structures, automation and revenue performance and determinants of revenue management (Revenue Collection bill, 2018).

The myriads of studies reviewed above reveal that revenue enhancement has largely been explored as a finance concept and not necessarily from a governance perspective. For revenue enhancement to be achieved governance frameworks should be adequately researched with emphasis on making sure that existing institutional capacity works in harmony with other systems, policy implementation be effectively executed, regulatory frameworks followed and adequate human capacity with relevance skills should considered, despite the fact that all exist but not effective and adequately utilized and being that revenue is a critical component of any governance process, all components of governance needs to be considered. From the above studies, it is evident that adequate research is yet to be conducted on revenue enhancement as a leadership and governance issue in the Kenyan context. Moreover, the studies already done excluded some essential concepts of governance that form the basis of the present study. A literature and contextual gap thus exist that this study aimed to fill. This study, therefore, aimed at establishing the role that governance frameworks play on revenue enhancement for devolved governments in Kenya.

1.3. Objectives of the Study

The objectives below guided the study:

1.3.1 General Objective

The general objective was governance frameworks and revenue enhancement for devolved governments in Kenya.

1.3.2 Specific Objectives

1. To examine the influence of institutional capacity on revenue enhancement in devolved governments in Kenya.
2. To determine the influence of policy implementation on revenue enhancement in devolved governments in Kenya.
3. To determine the influence of regulatory frameworks on revenue enhancement in devolved governments in Kenya.
4. To establish the influence of human capacity on revenue enhancement in devolved governments in Kenya.

1.4 Hypothesis

$H0_1$: Institutional capacity does not significantly influence revenue enhancement in devolved governments in Kenya

$H0_2$: Policy implementation do not significantly influence revenue enhancement in devolved governments in Kenya

$H0_3$: Regulatory frameworks do not significantly influence revenue enhancement in devolved governments in Kenya

$H0_4$: Human capacity does not significantly influence revenue enhancement in devolved governments in Kenya

1.5 Significance of the Study

This study is to help the devolved governments underscore the county revenue collection ecosystem culminating in the design of an effective revenue mobilization strategy informed by the study findings. The significance of the study is illustrated below:

1.5.1 Government Stakeholders

Gaps existing in terms of the role of each stakeholder were established, and adequate preparedness and understanding mapped out through civic education, awareness campaigns and joint workshops. County governments were able to engage citizens constructively. Furthermore, barriers to effective revenue collection were understood from both the tax collectors' as well as payers' perspectives, making sure that these barriers are addressed through a consultative process.

County governments were to design policies that foster an amicable relationship with the citizens and underscore the development agenda as a unified constituency ensuring policies are citizen-led as opposed to being imposed from without. The study provided a body of knowledge that informs revenue collection strategies and procedures in all the counties. This has become a point of reference.

The study findings could be applied by the national government to familiarize themselves with the roles of county governments in enacting effective and efficient strategies that would be applied in revenue collection optimisation. The central government and its agencies and departments did gain by securing information that could be applied to support enactment of policies that may allow the government to achieve and ensure sustainability of devolved funds for socio-economic benefits through efficient revenue collection mechanisms.

1.5.2 Scholars

Researchers may benefit immensely from the findings of this study as it is deemed helpful in developing extra literature needed in improving the success of devolution and revenue enhancement.

1.5.3 Policy Makers

This study was crucial in designing a workable regulatory framework that was contextualized to ensure responsible citizenry as well as reinforcement of accountability in the revenue management mechanisms at the local government level. This study aims to clarify the consequences that befall tax evaders and those who mismanage county funds in any way.

By reviewing the literature on successful devolved governments locally and in other parts of the world coupled with findings from this study, a pivotal role in informing counties on the most effective methods of revenue mobilization as well as structures of sustaining the processes is underpinned. Also, the study provided lessons to other countries that need maximizing revenue in their devolved governments.

1.6 Scope of the study

The research was carried out in five (5) counties across Kenya. For purposes of representativeness, the study employed systematic random sampling to the selected five counties from the forty-seven (47). This gave a fair generalization on the governance framework and how they influence revenue enhancement in devolved governments. This study stratified the target population into cohorts of 10 with the least 7 performing counties forming the last cohort of the 47 counties leading to the choice of (Nyanza, Western, Central, Rift Valley and Nairobi) provinces being represented by chosen Counties in line with the performance report provided in Appendix VIII, purposively identifying a county from these five expansive regions. Key informants constituted: The Auditor General, Controller of Budget, and Council of Governors chairperson, The Speaker of the County Assembly, The Executives at the County, Citizens and County Public Service Board among others. The study in assessing the Influence of governance frameworks on revenue enhancement for devolved governments in Kenya addressed the following variables: institutional capacity, policy implementation on revenue collection, regulatory frameworks and human capacity. The study spread across the period beginning 2017 to 2022.

1.7 Limitations of the study

A limitation is a research aspect that could lead to misleading conclusions (Mugenda, 2008). The counties that participated in the study were just a sample hence it did limit the study as the research could not account for all the counties in the country. The researcher used 5 counties (10%) to represent the entire population (47 counties). The 5 counties were selected and assumed to give a generalized representation of the 47 counties which may not be case. The researcher overcame this limitation by further analysing secondary data (Panel analysis) from a total of sixteen counties to support results obtained from the primary data.

The study was also limited by the level of confidentiality of the information being collected since county revenue officers did not give full access to the revenue collection documents due to fear of intimidation and victimization by their leaders and other government officials such as the officers from EACC and the Auditor General's office. Revenue collection is a sensitive issue in the county governments hence the researcher faced difficult time accessing relevant information needed for the study. This limitation was overcome by the researcher obtaining an introduction letter from the University to assist clarify to the respondents the nature and scope of the study and assure them of confidentiality.

The age of devolution and the vast nature of the counties under study also limited the study. Devolution in Kenya has been around for just over 10 years and as a consequence, there is little information regarding institutionalism of devolved governments, formulation of policies (still at the development stage) and there exists inadequate regulatory framework to guide on revenue enhancement strategies. Because of the existing limited literature on the study topic and so that those study findings are not compromised, the researcher with the help of the research assistants collected as much information that was available regarding revenue enhancement variables under review. The researcher also used secondary data to corroborate findings from the primary data.

While revenue enhancement is of great importance to devolved governments in Kenya, insufficient empirical research has limited the basis of comparison of the effectiveness of the Governance framework on revenue enhancement and their outcomes in the County Governments and even between and amongst different counties in Kenya. There are numerous variables and ways of collecting and maximizing revenue collections that county government should strive to understand their underlying influence on revenue enhancement. However, data availability, accessibility and measurability have an influence on how they can be factored in, to ensure that the devolved governments maximize their revenues. Besides, most variables assume substantial measurement errors and can create a danger in modelling impacting reliability and interpretation of final results. This is the context in which the researcher did restrict the research to the chosen devolved governments and related structure variables bearing in mind that collecting data on some of these variables can be a daunting task. In our instance, some respondents failed to respond to our questionnaires leading to their exclusion from the study.

Although the study has assumed that counties evaluating the governance frameworks on revenue enhancement are at the verge of optimizing their revenues, it did not rule out the fact that some other mediating variables impact it. However, given that the study on governance frameworks on revenue enhancement is essential, it was expected that a well-structured devolved unit could result in a reduction of all these inhibitors leading to increased revenue collection. The limitations, however, did not compromise the validity of the conclusion on the findings of this study.

Several explanations have been pre-arranged for apparent inconsistencies in findings from related studies on Influence of governance frameworks on revenue enhancement for devolved governments in Kenya. Some researchers contend that the problem lies in the use of either publicly available data whose scope is limited; others argue that there is restrictive use of county government resources. Others argue that empirical literature on how governance framework influences revenue enhancement considers the relationship between institutional capacity, policy implementation on revenue collection, regulatory frameworks and human capacity. This study provided a solution to the above problems by rejecting the null hypothesis in all the mentioned variables under the study. The next chapter presents the theories used for this study and related literature.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section reviews past literature and discusses the Influence of governance framework on revenue enhancement for devolved governments in Kenya. The discussions herein include theoretical framework, conceptual framework with study constructs and key variables in the model discussed exhaustively. The chapter also empirically reviews previous studies, critique the existing literature, identifies the research gaps and provides a summary of the chapter at the end.

2.2 Theoretical Framework

The theoretical framework is a well set out prepositions that are derived and supported by statistics or other forms of evidence so as to explain a scenario (Mathooko *et al*., 2011). This chapter evaluates theories relevant and which inform the contextual background on the subject of revenue enhancement. The research is anchored on the following theories; Sequential Theory of decentralization, The Path dependence Theory, The Resource based Theory, Institutional Theory and Transformational Leadership Theory.

2.2.1 Sequential Theory of Decentralization

The sequential theory of decentralisation was developed by Falleti (2004) and supports the understanding of the variable of regulatory frameworks. The theory includes decentralization as a process and takes into account the territorial interest of the bargaining players and integrating the policy feedback where it provides for a dynamic account of evolution of the institutions. Decentralization process involves policy reforms that are put in place to allow the transfer of responsibilities, resources and authority from an upper to a lower level of government (Blokker, 2012). Policies of decentralization belong to any of the listed three categories - fiscal, administrative and political – and depend on the nature of authority that is devolved: Administrative decentralization is concerned with the devolution of the decision-making authorities concerned with these policies, but this is not an essential condition. Should revenue be allocated from the central government to meet the administrative costs and enhance delivery of social services, administrative decentralization is considered funded and coincides with the fiscal decentralisation. In cases where the devolved governments bear the costs of the administration and delivery of decentralized social services with their revenue collection mechanisms, administrative decentralisation is not funded (Kahler& Lake, 2012).

Fiscal decentralization on the other hand refers to a set of policies that are aimed at growing the revenue or the fiscal autonomy of the sub-national governments. These policies can assume different institutional forms. Increased transfers from the central government, establishment of new decentralised taxes as well as the associated tax collection delegation authority that were hitherto handled by the national government are some of examples of fiscal decentralization (Torome, 2013).

Political decentralization is the set of constitutional amendments and reforms in the electoral system that is designed to open new or activate the existing but dormant spaces for the representation of the subnational institutions. The policies and procedures under political decentralization are also meant to devolve electoral capacities to the devolved governments and their actors. For instance, the election of mayors and governors by popular vote instead of being appointed like before, the creation of local assemblies or enactment of constitutional reforms that strengthen the political autonomy of the decentralized governments (Mwenda, 2010).

Looking at the effects of each of the decentralisation categories mentioned above, administrative decentralization tends to have a positive or negative impact on the autonomy of the county executives. In cases where the administrative decentralisation improves the local and state bureaucracies, secures the training of local officials or even facilitates learning via practice and delivery of new responsibilities, the organizational capacities and competencies of subnational governments are enhanced (Hankla, 2008). The converse is also true in circumstances where administrative decentralization occurs without transfer of funds. This type of reform may lead to decrease in the autonomy of the devolved unit officials depending on the national fiscal transfers that follow or the subnational debt that is meant for the delivery of public social services. Equally, fiscal decentralization can either have a positive or negative influence on the nature of autonomy of the devolved counties. The result is mainly dependent on the design of the fiscal decentralization policies implemented.

The theory entails power delegation to the lower levels in the territorial ranking, whether the rank and level is one of the governments with a state office or just a large-scale organization (Wandera, 2014). Decentralization thus entails the creation of smaller territories or an establishment of political and administrative institutions. Saideman (2012) did affirm that devolution creates the best measure of decentralization within the unitary system of governance. An efficient and effective devolved system is expected to motivate the poor to participate actively in the decision-making process, to lobby for their interests, empower themselves as well as allow the public to contribute to pro-poor policies (Kaiser, Eaton & Smoke 2010).

Higher levels of automatic transfers increase the autonomy of the counties since it allows them to benefit from higher levels of resources with no cost responsibility on revenue collection. To the contrary, assigning of tax authority to the devolved units that lack requisite skills and competency to collect the taxes can lead to a severe constraint on the budget of the local governments and increase their reliance on the transfers of funds from the national level. Prosperous devolved governments prefer to collect their own taxes but poor states or municipalities are adversely affected whenever taxes are decentralised and as a consequence the horizontal redistribution of wealth from the rich to the weak subsections of the devolved governments is affected. Political decentralization should always positively impact the degree of independence of the subnational officials from the central government; decentralization policies are unpacked in a way that reduces the power of the devolved unit officials in regard to the national executives. This is one aspect of decentralization that both those advocating and those criticising decentralization are yet to take into account (Ndunda *et al.*, 2015).

The main focus of devolution is to enhance empowerment (Oloo, 2012). As per the conclusion of Paulos (2007), devolution can be identified as the most influential and consequential type of decentralization. It is meant to decrease the gap between the government and the local citizens as well as increase their control and direction over the resource allocation and ensure effective delivery of services (Ademolekun, 1999). In regards to effectiveness and efficiency, the development of the devolved governments is mostly affected by the financial and the human resources that is available at the county level. Devolution has a positive impact on the human resource functions by allocating a higher degree of accountability and authority in the hands of the management at the department and regional level. The study concluded that civil service is able to effectively and efficiently handle the HRM tasks by bestowing them the power to attract, recruit, promote, select, train and reward accordingly. Studying devolution assists in understanding the political, administrative, fiscal and geographic aspects of decentralization. In this study, devolution was viewed as the transfer of the decision-making authority from the central government officials to the local entities which were officially delineated geographic and functional realms. Therefore, sound regulatory frameworks influence revenue enhancement, and hence the theory is linked to the variable and research hypothesis of this study:

2.2.2 Resource Based Theory

The Resource Based View (RBV) theory was developed by Barney and Wernerfelt in 1930s in their evaluation of heterogeneous organizations which introduced the idea of resource position barriers being roughly analogous to entry barriers (Lynch et al., 2000).

It asserts that the resources of an organization are key factors to ensuring that organizations perform well. These resources are what give an organization added advantage over the rest of organizations. As a scanning the market environment and exploiting surrounding opportunities using available resources.

According to the theory, resources can be classified into organizational capital resources, physical capital resources and human capital resources. Allocating of these resources will help in creating an efficient organization and hence ensuring that it achieves greater performance (Lynch et al., 2000). The RBV can be used as a basis for the development of supply chain strategy and policy formulation process (McKone, Sweet & Lee, 2009).

Dyer and Singh (1998) highlighted that the valuable resources are often provided by organizations and argued that structuring the inter organizational resources is more critical to achieve high performance than a firm's own constrained resource base. Accordingly, the external resources must be efficiently effectively managed and integrated with the internal resources of the firm in order to achieve high performance (Hitt, 2011). Therefore, human capacity influences revenue enhancement, and hence the theory is linked to the variable and research hypothesis of this study:

2.2.3 The Path Dependence Theory

The path dependence analytical framework is part of the school of thought of the historical institutionalism, which considers institutions as structural variables from which stem arrangements of ideas, interests, and powers. They are the focal point of the activity of public policies, in the sense that institutions contribute to structuring them by encouraging or constraining the organizations and their actors and thus their activities (Steinmo, Thelen & Longstreth, 1992).

Path dependency theory is pegged on the premise that organizations and actors are part of institutions that structure and channel their behavioral standards and activities along established paths. These paths are made up of institutions (with their values, standards and rules) and public policies determined by previous choices that impose constraints on institutional development processes (Pierson, 1993). Thus, the notion of dependence in relation to the path taken highlights the historical dynamic that dictates that once a path is chosen, it is difficult to change it because the processes become institutionalized and are reinforced over time (Palier & Bonoli, 1999).

It becomes increasingly difficult to reverse past institutional choices because not following the rules and standards established by previous choices (exit option) generates 'costs' in terms of investment, learning, coordination and anticipation. That is why existing institutions are usually modified and not replaced despite their less-than-optimal nature, and institutional inertia is generated (Bonoli G, Palier, 2000).

When analysing the question of policy change (or lack thereof), one can draw on the literature on path dependence (Pierson 2000). This model argues that it is generally difficult to change policies because institutions are sticky, and actors protect the existing model (even if it is suboptimal) (Greener 2002). Path dependence means that 'once a country or region has started down a track, the costs of reversal are very high' (Levi 1997: 27). As Pierson (2000) notes, public policies and formal institutions are usually designed to be difficult to change so past decisions encourage policy continuity.

Applying path dependence to policy implementation, Hansen (2002: 271) argues that 'path dependence is established only when it can be shown that policy change was considered and rejected for reasons that cannot be explained without reference to the structure of costs and incentives created by the original policy choice. In addition, to introduce a major change, policy-makers have to wait for a critical juncture (Capoccia and Kelemen 2007) or a window of exceptional opportunity called conjuncture (Wilsford 1994).

Therefore, how policies are implemented influences revenue enhancement, and hence the theory is linked to the variable and research hypothesis of this study:

2.2.4 Institutional Theory

DiMaggio and Powell came up with this theory in 1991 and it states that institutional environment have a strong influence in the development of formal structures in business units and promotes innovative structures that are capable of improving technical efficiency within a legitimized system. The theory emphasize that the innovations should attain a legitimization level that makes failure to adopt them be seen as irrational and negligent for example, they become legal mandates. This is the point upon which the law and the prevailing devolved units adopt the basic form even if the form fails to have a positive impact on efficiency.

Meyer and Rowan (1991) argued that institutional myths are accepted generally to allow the firm gain or maintain legitimacy in the institutional environment which is what the Kenyan devolved governments intend to achieve. County governments adopt “structure vocabularies” prevalent in their environment, Commission on Revenue Allocation (CRA), Controller of Budget (CoB), Auditor General and Council of Governors. Other institutions include the National and County Assembly, County Executive Committee and the Senate. Embracing and the prominent display of these institutionally accepted “legitimacy trappings” help the counties preserve an aura of organizational action based on "good faith," and this is done during revenue collection. Legitimacy in the institutional set up helps achieve revenue enhancement.

The formal structures of legitimacy can however reduce efficiency and hinder the firm’s competitive advantage in their technical environment. To minimize these adverse effects, firms often decouple their technical core from these legitimizing structures. Firms will minimize or make ceremonial evaluations but neglect implementation of programs to retain external and internal confidence in the formal structures while cutting down their efficiency impact.

The conclusion of the theory is that the net impact of the institutional pressures is to reduce the homogeneity of the organizational structures in an institutional set up. Counties will implement similar structures due to pressure from three segments; coercive pressure from the legal mandate or the influence from central government policies they are dependent on, mimetic pressure to follow the footsteps of successful ventures especially during high uncertainty and normative pressure to homogeneity that originate from similar attitudes and approaches of professional bodies and associations brought to the firm by the hiring process and practices(Atakpa, Ocheni & Nwankwo, 2012).

Institutional theory is relevant to this research since it informs the governance structures and legislative framework. The theory applies well when it comes to reviewing, analysing and assessing the relevance of each independent institution regarding the effective discharge of devolved functions at the county level. The theory largely influences the amount of revenue the counties are likely to collect.

All these bodies seek to establish a framework that promotes revenue enhancement in the counties and also ascertain what constitutes the best ways of optimizing revenue collection. It is generally agreed that revenue enhancement is a critical factor in the devolved unit's development (Atakpa, Ocheni & Nwankwo, 2012). Counties need to be aware of the factors that lead to the maximization of revenues. Accountability and transparency during revenue collection is another factor to be considered, and this may result either to high or poor collection of revenues. In spite of the above, governance issues in devolved governments vary due to non-adherence to existing institutional structures. Literature has confirmed that there have been breaches in regulation even in instances where people are aware of factors leading to revenue enhancement.

According to Bigambo (2012), all governments enter into a social contract with its citizens to collect taxes and manage those taxes responsibly by delivering services to them. County governments undertake to mobilize taxes from citizens to meet some of their budgetary allocations. Successful revenue collection means that resources are readily available to undertake development projects for the good of the citizens. On the other hand, when counties fail to collect requisite revenues optimally, the public is negatively affected through denial of services. Consequently, if revenues collected are not managed in a prudent manner and for the common good, this leads to spillage in the form of corruption, skewed development, ethnic biases, bloated workforce and other expenditures as well as poor planning; the effect of which is a dissatisfied citizenry. The clamour for increased revenue allocation from the central government to county governments as witnessed in Kenya by the council of governors and the underperformance in revenue collection as reported by the controller of budget has raised eyebrows amongst researchers. Therefore, institutional capacity influences revenue enhancement, and hence the theory is linked to the first variable and research hypothesis of this study:

2.2.5 Transformational Leadership Theory

Transformational theory by Bass et al. (2003) also known as Relationship theory focuses upon the connections formed between leaders and followers. These leaders motivate and inspire people by helping group members see the importance and higher good of the task. Transformational leaders are focused on the performance of group members, but also want each person to fulfil his or her potential. These leaders often have high ethical and moral standards. The most current leadership theory that has the most abundant presence in the current literature is that of Transformational Leadership.

According to Givens (2008), the theory is about leaders distinguished by their special ability to bring about change by recognizing followers' needs and concerns, helping them look at problems in new ways and encouraging them to question the status quo. These types of leaders inspire followers to believe in the leader and in their own potential to imagine and create a better future for the organization. Transformational changes envisaged by transformational leaders are: lead changes in the organization's mission, strategy, structure, culture and innovation in products and technologies. The leader is able to use effective techniques to bring about the required change in the organization. Notably, creation of effective team that has enhanced cohesiveness and success of organizational groups and teams, use of survey feedback i.e. questionnaires on organizational environment and other factors are distributed among employees and the results are reported back to them. The last one is the use of large group intervention.

Transformational Leadership is about getting everyone involved in decision-making. The overriding element of successful leadership is to involve people in the process of leading (Horan, 2014). Transformational leadership is a type of leadership style that leads to positive changes in those who follow. Transformational leaders are generally energetic, enthusiastic and passionate. Not only are these leaders concerned and involved in the process, they are also focused on helping every member of the group succeed as well. Leadership expert and presidential biographer James MacGregor Burns initially introduced the concept of transformational leadership. According to Burns (2014), transformational leadership can be seen when "leaders and followers make each other to advance to a higher level of moral motivation." Through the strength of their vision and personality, transformational leaders are able to inspire followers to change expectations, perceptions and motivations to work towards common goals. Later, researcher Bernard and Bass, (2003) expanded upon Burns original ideas to develop what is today referred to as Bass‟ Transformational Leadership Theory.

According to Lee (2014), there are four layers of characteristics that are key to the transformation process in leadership which are: Idealized influence, individual consideration, inspirational motivation, intellectual stimulation and performance beyond expectation. Managers that are strong role models, encouragers, innovators and coaches help transform their followers into better, more productive and successful individuals. Transformational leadership can be applied in one-on-one or group situations. The manager and the followers are transformed to enhance job performance and help the organization to become more productive and successful beyond expectation.

Therefore, the performance of devolved units is a factor of revenue enhancement, and hence the theory is linked to the revenue enhancement variable. The activities, plan and influence of the leaders and managers within the counties will lead to effectiveness in the attainment of county goals and objectives.

2.3 Conceptual Framework

In keeping with the study by Dodgson, (2017), conceptual framework entails coming up with ideas regarding relationships between variables in research and presenting the relationships diagrammatically. In this research the main independent variables were the existing institutions and their capacity, the policy implementation, regulatory frameworks and human capacity. The dependent variable was revenue enhancement. For this study, figure 2.1 below was created to show how the independent variables impact the dependent variable.

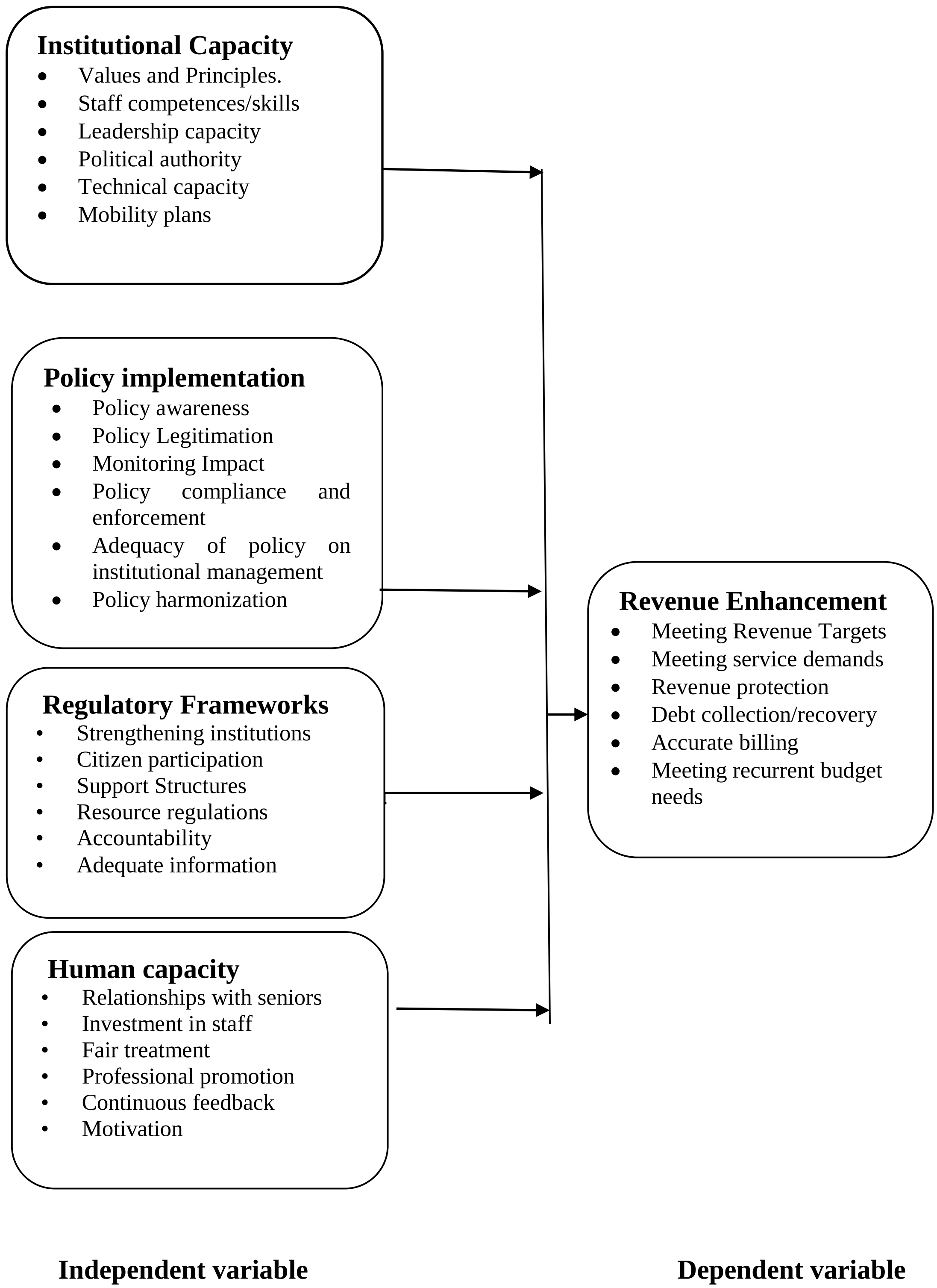


Figure 2.1: Conceptual Framework

2.3.1 Institutional Capacity and Revenue Enhancement

Institutions can be understood as settled, widely prevalent and standardized habits and conventions defining social practices (Hamilton; Mitchell; Young, 2013) and – more formally – as constitutional and operational rules governing different kinds of organizations (Parsons, 2013). The notion of capacity can be viewed as the ability of individuals, organisations, or societies to set and implement development objectives on a sustainable basis (Land, 2000). Capacity is also viewed as a continuous process by which individuals, groups, institutions, organisations and societies enhance their abilities to identify and meet development challenges in a sustainable manner. Capacity is the ability to perform functions, solve problems, and set and achieve objectives (Fukuda & Lopes, 2013).

Capacity can be viewed from two main perspectives; individual and organizational. Individual capacities, understood in terms of skills and aptitudes (usually acquired through training) are considered as a necessary but not sufficient part of the capacity equation. Organisational capacity is likewise influenced, not only by internal structures, systems and procedures, but by the collective capabilities of staff, and by external factors in the wider "institutional" environment - such as the policy framework, and other political, economic and cultural factors. These may constrain or support performance and influence issues of organisational credibility and legitimacy (Land, 2000).

Organisational capacity is likewise influenced, not only by internal structures, systems and procedures, but by the collective capabilities of staff, and by external factors in the wider "institutional" environment - such as the policy framework, and other political, economic and cultural factors. These may constrain or support performance and influence issues of organisational credibility and legitimacy.

Kirabo, Kasozi and Kayise (2013) observed that among the objectives of decentralization, improving the capacity of local councils to plan, finance and manage the delivery of services is one of the major goals. They add that globally, local governance enhances the delivery of goods and services. Institutional factors, such as political, social, legal and economic conditions are important for the analysis of public finance issues, but they are especially important for the analysis of fiscal decentralization.

Well-developed institutions enjoy an enabling environment of key players using available resources to generate revenue. This study adopts the definition by Kayise et al. (2013) which looks at institutional capacity as the ability to implement and improve revenue administration focusing on efficiency and effectiveness.

The study by Kirabo *et al* (2013) established that institutional capacity influences positively local revenue generation. Institutional capacity focused on: human capacity, financial capacity, infrastructural capacity, revenue collection methods; taxpayers' awareness of their civic duties and obligations and the regulatory framework. The human capacity was found inadequate in terms of numbers and placement. Both the political and technical teams were found requiring continuous capacity building to increase their effectiveness and efficiency.

2.3.2 Policy Implementation and Revenue Enhancement

There is no gainsaying the fact that a policy is simply a statement of the goals and objectives of an organization in relation to a particular subject and the description of the strategy for the attainment of these goals and objectives. It incorporates a concern with the selection of goals, and the means for achieving them within a given situation. Policy is generally a guide to action for the achievement of defined goals (Effiong, 2013).

Policies are a set of procedures, rules, and allocation mechanisms that provide the basis for programs and services (WHO, 2020). In multi-level systems of governance (Hooghe & Marks, 2003) the implementation of public policies is often de-centralized: policies adopted at the highest level are adapted, implemented, and enforced by actors at lower levels. Effiong (2013) defines implementation as the process of converting human and materials inputs, including information, technical, human, demands and support, and so on into outputs in the form of goods and services.

Fjeldstad, and Katera (2019) observes that implementation involves the committal of funds, the establishment of structures and methods, the hiring of personnel, the administering or executing of activities, and the security of policy goals, services and other intended outcomes.

Policy enactment refers to the execution of legislation. This entails the procedure of implementing the policies at the county government level. This concept defines the execution of policy decisions through a change that is directed to the operational environment to achieve the objectives at an acceptable and projected cost (Hannah, 2013). As per the study by Bennett et al (2011), implementation and making of policies are interconnected and may occasionally occur simultaneously. Establishing the situations under which a positive correlation between the policy objectives and desired results can be obtained is crucial in realizing success in the functions of a devolved system of governance.

Public policy is dynamic, and therefore adoption is aligned to the changing environment; however, changes are not always embraced and more often than not the changes are countered with resistance from proponents of the status quo (Ewa & Udoayang, 2012). Resistance need not deter these changes and once envisioned; a gradual implementation process would foster acceptance. Ahmed and Dantata (2016) argue that effective policy implementation can only be achieved not only through a continuous political commitment and clear definition of responsibilities and coordination, but also through genuine commitment to eradication of corruption at all levels of government.

Dewey and Rogers (2012) recommend certain conditions for successful policy implementation: Public policies have to be embedded on realistic perceptions of the connection between behaviour change among the target group and the attainment of the policy goals. Occasionally, the behaviour and attitude of the target group is the focus of the policy. Therefore, during the policy implementation phase, this condition must be taken into account. Interested stakeholders and legislators need to root for public policies throughout the implementation stage and the judiciary should either be considerate or neutral to them (Khouja & Liu, 2021). Executive officers and legislators have to support the policy programs by putting aside resources for the policy implementation. Periodically, it may be advantageous to secure support from active pressure groups so as to influence actions at the local government level.

Consequently, implementation of the policies may be hindered by the association between those in authority particularly when either level of governance, central or decentralized have vested interests or successful implementation of a particular policy has a direct implication on specific desired results, Bennett *et al*. (2011). Changes in socio-economic conditions should not be allowed to interfere with the relative importance of the policy objectives. The policy environment tends to be dynamic and policy issues are interconnected (Akitoby *et al*., 2020). Political support for a certain policy may diminish as other aspects become clearer or as the policy gains more public support (Dewey & Rogers, 2012). Hence this condition has to be considered during the policy implementation. Administrative skills are a general term for the ability to exercise effective financial control, recruit and deploy human resources efficiently, and create a conducive working environment and procedures (Hannah, 2013). On the other hand, political skills mean the ability to maintain a good working relation with the public officers, use media effectively, mobilise support and provide a fair treatment at the county government level. Therefore, it is important to have the commitment of the public official and political support for a public policy to be successfully implemented (Enodien et al., 2021).

Legislation and policy decisions should personify unambiguous policy guidelines that effectively offer a structure for the implementation process. Guidelines should provide the objectives as well as indicate the order of priority. Furthermore, resources like finance, human resource, equipment and material need to be in place to support the implementation of policy (Hannah, 2013). This is a crucial part of policy implementation.

Implementation often turn out to be the graveyard of many policies. From experience, little attention is paid to the subject of policy implementation by policy makers. It is often taken for granted that once a policy is adopted by government, it must be implemented and the desired goals achieved. And in most cases, little or no attention is paid to the problems and complexities associated with execution of policies (Ahmed & Dantata, 2016).

Both policy formulators and implementors are key actors in the working of the entire policy driven system. Usually, the organization responsible for the implementation of policy is a unit of the government bureaucracy. Leadership is an input and a processing or conversion factor as it has ability to alter and modify other critical inputs in the implementation of any given policy or programme (Effiong, 2013).

While assessing policy implementation in the education sector in Kenya, Ireri, Kingendo, Wangila and Thuranira (2020) established the school strategies were not anchored in overcoming physical barriers that hindered the implementation of inclusive education, with various challenges affecting the strategies.

The challenges associated with policy implementation depend largely on the problems passed on to be implemented by policy formulators and those that are inherent within the implementation stage itself. Secondly, the issue of including implementation plan and analysis within the broader policy formulation framework, where the chains and multiples factors for successful policy implementation will be considered and appropriate measures taken, that will provide for clear definition of goals and coordination as well as defined programme for achievement of goals. Maritim (2013) argued that the main challenges for foreign policy lie in its implementation.

2.3.3 Regulatory Frameworks and Revenue Enhancement

Scholars are yet to reach a consensus when it comes to the perceived advantages of legally recognised self-government (Wambui, 2018). The academic fraternity is also experiencing conflicting views with regard to the desirability and the possible outcomes of political decentralization. Arguments against devolution fall under two categorists, one focusing on the national effects and another group concentrating on the local effects (Akitoby, Baum, Hackney, Harrison, Primus & Salins, 2020).

Researchers have argued that the creation of the devolved system of government may lead to fiscal deficits at the national level since the debts of the local government have to be absorbed by the central government (Hensher, 2021). On the other hand, the debate at the local level is that instead of increasing democratic accountability, the elites at the local level may take advantage to benefit from devolution inappropriately leading to irrational distribution and authoritarianism in the local settings (Torome, 2013).

GOK (2014) also pointed out that the governance system in the country is composed of four tiers of county government that is: municipalities, towns, cities as well as county councils. The councils are corporate entities established under the county government Act Chapter 265 that was overhauled by the new constitution. Moreover, the county governments derive their legal authority from the Kenyan constitution, other acts of parliament, bylaws and ministerial orders. It can further be noted that the legal bodies mentioned above comprise county governments in Kenya and the local governance framework in the country is broader than the county government. It is made up of the provincial, district, location and sub location administration which have technical staff posted from various ministries. Inherent in the scope of the county government and the local governance structure are the private and public institutions which also include civil society organizations. There is no decentralized legislation in Kenya that is responsible for rationalizing power sharing, obligations and resource sharing between central government ministries, district development committees, parastatals and the private sector. This has caused operational conflicts with several of the organizations and institutions lacking synergy. In the new constitution that is currently in place, the county governments have an advantage since they already have a participatory electoral framework that is in place (Maina, 2010).

Ronald (2011) observed that even though constitutional provisions for statutory allocations and internally generated revenue are in place, local governments are still under strict control and subordination by the central government. This takes place through a number of ways including manipulation of the fiscal transfers going to them. The local governments in Nigeria mobilize their resources exclusively from external sources. Examples of the external sources include: federal and state government funding like grants, statutory allocations, value added tax (VAT)share, receipts and loans. The external sources of funding introduce an element of dependency syndrome in the local government's effort to mobilise revenue. Any unforeseen setbacks injure the administrative machinery and its ability to executive the mandates accorded to it through implementation of viable projects which may lead to weakening internal revenue mobilization capacity (Sander, 2003).

Kari (2014) observes that the central government does impose state control on the local government's revenue mobilization capacity through limiting the local government's budget. Even upon approval, post budget supervision and controls still impose conditions on what activities the local governments can engage in. The delay in passing of the local government annual budget raises pertinent issues in that the budget may even take up to three months before it is approved. This causes delay in the county government's execution of its mandate which include payment of staff remuneration and putting in place infrastructural facilities. In the year 1996, newly elected executives of the local governments in Nigeria condemned the horizontal sharing formula that was applied to allocate resources to the local government. Under this formula 40% of the resource was allocated based on equality, 30% population, 10% terrain/landmass, 10% social development factor and 10% for internally generated revenue. The formula has continually resulted in low yield revenue for most local governments and more particularly with the creation of additional local governments.

The reform programme has recognized the role of the county governments in improving the economic governance, enhancing the economic efficiency, improving delivery of public service, improving accountability and transparency (GoK, 2014). The reforms have introduced fuel levy fund, user charges rationalization, single business permits, contribution in place of rates and the integrated financial management system (IFMS).

The collection of revenue is the key process that a system of government relies on to fund its activities. Revenue collection has to adhere to the best practices which cover economic efficiency, equity, ability to pay, certainty and convenience (Gicho, 2018). Should the government make a comparison of its performance against the needs of the public, it will have to escalate fiscal penetration without incurring large recurring expenses (Gidisu, 2012).

2.3.4 Human Capacity and Revenue Enhancement

Chen, Song and Wu (2021) opine that human capacity building is mainly enhanced by encouraging the participation of employees in decision making and by maintaining close relationships with the employees. Humans and their capacity identification and development remains the centre of creation of goods and services, advancement in science and technology, economics, agriculture, military; and above all value creation in all spheres of human endeavour (Isola & Alani 2012).

Pollyn *et al* (2016) noted that capacity building as a human development strategy must aim at improving skills for carrying out key functions, solving problems, defining and achieving objectives and focusing on building the individual's knowledge base, skills, attitudes, competencies, abilities while at the same expanding and strengthening network of individuals and institutions by creating a pool of talents which will potentially and significantly improve sustainable development practices.

Mouallem and Analoui (2014) note that the remarkable evolution in the twentieth century has been a result of a new perspective in understanding the importance of investing in individuals and organizational human resources, and the implementation of capacity building strategies in various organizations and in societies. Capacity development is considered a dynamic process that relies on one's motivation, effort, and perseverance to learn and progress (Lopes & Theisohn, 2003) which enables organizations to change, flourish and grow.

Kondo (2015) adds that culture bears an understanding of the way an organization operates, its procedures, beliefs and values; it is usually affected by the people employed in it, the past incidents, present influences, and the type of work it undergoes. According to Mullins and Christy (2010), the classical principles of management focus on principles for enhancing productivity and increasing efficiency by designing a coherent organization structure. Coordination between management and staff is considered crucial for improving productivity in terms of quality and quantity.

Anyumba, Bikam, and Moffat (2017) noted that, human resources, both local politicians and employees need to have performance competencies to serve as good stewards for their councils. This is also alluded to by Kasozi, Kayise and Kirabo (2013). There is however, a paradox of the less educated politicians supervising the more educated and elite civil servants. Staff development is also undertaken in the form of seminars, workshops, short and long courses for targeted officials (Kasozi, Kayise & Kirabo, 2013) emphasized. It is, however, worth noting at elective offices have been filled with ne office bearers who have not been exposed.

Employees perform better and are more satisfied when they are treated by senior managers as people, and when their innovative ideas are taken into account and encouraged by the senior managers (Oyinlola & Adedeji, 2022). Senior managers in modern organizations advocate human capacity building through development of employees' professional skills and promotion of teamwork (Walsh, 2020).

Governance practices play an important role in attaining high quality workforce. The establishment of governance in the organization have produced a concept of human governance. Human governance is a significant element to improve the value and ethical behavior of employees in the organization (Hanapiyah, Daud & Wan Abdullah, 2016). In the scope of administration and management, human governance is deemed to be the core principle for professional conduct in the organization. Human governance should be a priority in management rather than the other form of governance. Keegan and Den Hartog (2004) argue that continuous feedback and performance appraisal by senior managers are important for the employees' performance enhancement and motivation.

The most obvious things about leadership are the ability to inspire and influencing subordinate directly or indirectly with the main objective of promoting and managing organizational development (Hanapiyah, Daud, & Abdullah, 2016). A leader is a person who forces his position to affect that group consciously or subconsciously. A leader is mentioned as a driver or the force behind the progress of the people he is leading. According to Pierce & Newstrom (2011) leaders who are capable to framing for the followers understanding of the situation, taking ambiguous situations, interpreting these situations, and what needs to be done to move forward.

2.3.5 Revenue Enhancement in Devolved Governments

Local revenue generation is based on the decentralization policy and the accompanying constitutional and other legal provisions making it operational (Kirabo *et al*, 2013). As previously observed by Bianchi, Nasi and Rivenbark (2021) the greatest ambiguity in decentralization was the insistence by the national leaders on transferring planning and administrative functions without providing localities with sufficient financial resources, and adequate legal powers to collect and allocate resources.

Twesigye, (2022) noted, in Uganda, that there was limited revenue which was poorly collected, lack of transparency and accountability, lack of reallocation, revenue collection is seasonal districts insist on tax registers having only residents without taking into consideration migrants who are frequent in some sub-counties. Namaliya (2017) laments that under-collection of revenue is a major problem that affects business leaders of companies in Africa and beyond.

Bianchi, Nasi and Rivenbark (2021) also observed that, local governments are usually unable to evaluate property regularly and recover funds from those who default from local tax payments. High levels of poverty and low levels of administrative capacity prevent local governments in rural areas from significantly expanding their revenue base.

The most widely known type of delivery approach is the delivery unit. The first models of the delivery unit emerged in the 1990s and early 2000s, with the New York City CompStat policing program and the United Kingdom's Prime Minister's Delivery Unit (PMDU) widely cited as early examples (Gold, 2017). These specialist units aimed to focus political and bureaucratic attention on eliminating obstacles to efficient public service delivery through defining clear targets and instituting data collection mechanisms that support improved performance management routines and problem solving (Barber et al., 2011; Kohli et al., 2016; Delivery Associates, 2018).

There is an increased interest to improve revenue mobilization in the developing nations. Most of the developing nations are evolving from the crisis with their fiscal prospects still in place (IMF, 2010), though majority still face the challenge of generating additional revenue from their own tax bases (Adams, 2013). To achieve the Millennium

Development Goals, for instance does demand that the domestic revenue in the low-income nations be increased by at least 4 per cent of GDP (United Nations, 2015). The need for infrastructural expansion is also extensive (IMF, 2010a), and climate challenges need to be addressed urgently. Developed economies are focusing more on improving their support of these revenue mobilization efforts.

There exists a plethora of policy literature documenting claimed successes and challenges of delivery units worldwide. However, much of this literature is based on before-vs.-after comparisons of indicators or interviews with involved actors. There is little evidence that evaluates the impacts of delivery approaches rigorously. Many delivery units have been associated with significant improvements in indicators associated with priority targets.

Another empirical pattern is the often-short-lived nature of delivery units which Gold (2017) observes often correspond to the leadership term of a particular president, prime minister, or minister. This is perhaps a consequence of most delivery approaches' heavy reliance on political sponsorship from high-level political figures.

The policy-oriented and limited academic literature that exists on delivery approaches also highlights some common challenges. These challenges include: a) dealing with political transitions (e.g., Scharff, 2013; NCHRD, 2016); b) limited influence over delivery chains (Freeguard & Gold 2015; Delivery Associates, 2018); c) entrenched operating cultures and practices (e.g., Barber et al., 2011; Scharff, 2012; Barber, 2015; Gold 2017); d) measuring relevant outcomes (Barber et al., 2011; Aviv, 2014; Andrews, 2014; Barber, 2015; Freeguard & Gold 2015); and e) citizen engagement to maintain political support and solicit inputs (e.g., Shostak et al., 2014; Andrews, 2014; Barber, 2015; Freeguard & Gold, 2015; Delivery Associates, 2018; CPI, 2016a).

Rao and Apparao (2014) observed that inefficient methods of collecting revenue negatively affect the profitability of businesses in Malawi. Efficient and effective tax collection is a key to raising revenues from taxation (Haas & Manwaring, 2017). However, for many African countries, this has not been the case for most of local taxes. As a result, local governments in most sub-Saharan African countries have been underperforming when it comes to revenue collection.

According to Katunzi and Mfungo (2020), in the backdrop of poor revenue collection among Local Government Authorities, scholars have started to think about the involvement of small taxpayers in the collection of local revenues. It is understood that majority of the people who are responsible for paying local taxes and fees are small businesspersons who work on different economic activities in different African countries.

2.4 Empirical Review

According to Bigambo (2012), all governments have a social contract with the citizens to collect taxes and put in place effective measures to ensure responsibility in managing the taxes and delivering development and social services. County governments undertake to mobilize taxes from citizens to meet some of their budgetary allocations. Successful revenue collection means that resources are readily available to undertake development projects for the good of the citizens. On the other hand, when the county governments fail to optimally collect the taxes which are due, the public suffer the negative consequences as they are denied essential social and development services. Consequently, if revenues collected are not managed prudently for the common good leading to spillage in the form of corruption, skewed development, ethnic biases, bloated workforce and other expenditures as well as poor planning; the effect is a dissatisfied citizenry. The clamour for increased revenue allocation from the national government to the counties as seen in Kenya by the council of governors and the underperformance in revenue collection as reported by the Controller of Budget has raised eyebrows amongst researchers. This study reviews relevant studies done in Kenya seeking to identify challenges, barriers to active revenue collection and maximization at the county level to provide solutions and identifies best practices for increased resources and for effective delivery of services to the citizens at the local level.

Odoyo *et al*. (2013) discovered that there is a correlation between information systems and the effectiveness and efficiency in the collection of revenue. A strong positive correlation exists between the internal control systems and the revenue generated as indicated by 97%of the respondents, and resistance to change by the council staff was one of the reasons derailing the full adoption of the electronic information system. The study is useful to the present study for full integration of IS, and more specifically e-payment system, in revenue collection.

Ndunda *et al.* (2015) pointed out that tax compliance level affected optimal revenue collection. The study recommended that the county government needed to improve the competence of revenue clerks and other officials in the county who are involved in revenue collection and management. Additionally, the devolved governments needed to attract skilled and competitive employees to improve the revenue being collected.

Nyongesa (2014) recommended a decentralized ICT based tax collection system and offices in the sub counties in addition to implementing differentiation strategies in revenue collection in Mombasa County. Some other strategies suggested to enhance tax collection included; remission of cash to the bank accounts and not the cash offices at the counties, improving tax rates, widening tax base, devolving the tax base to the offices of the county government and improving the control on cash management. The application of electronic revenue collection system would increase the revenue collected significantly. The study did recommend that Mombasa County government needed to automate its revenue collection mechanism by partnering with regional banks where the tax payers are permitted to pay county fees via mobile money services or branded credit cards using the new revenue collection system. The study further suggested development of a revenue management capacity through training of personnel and coming up with a proper revenue management system to give the county capacity to provide efficient services to the people. A report on revenue collection system in Kitui County by the Sectoral Committee on Finance and Planning (2016) identified challenges to revenue enhancement as inefficient tax administration systems, rampant corruption, tax evasion, non-compliance on payment by residents, incompetence of employees and poor remuneration. The report further recommended secure payment systems, real-time monitoring of revenue collection, minimizing cash handling by revenue clerks to enforce accountability and citizen participation.

Otwani *et al*. (2016) when studying factors affecting revenue collection in Trans-Nzoia County suggested the introduction of electronic system as an effective way of internal controls. Overall, a study done on the factors influencing revenue collection by the Kenya Revenue Authority by Mburugu (2016) recognized ICT adoption, Tax regulatory framework, organization of resources as well as corporate governance as critical in streamlining the revenue collection process.

In the study by Muema *et al.* (2014), it was indicated that Nairobi County and the parking sector were ready to adopt the mobile parking management system though it was bound to face a few challenges which could be overcome. Research by Kinyanjui and Kahonge (2013) established that the application of e-payments by the mobile phone-based technology on the collection of parking fees increased the revenue collected from the service. However, there is need to build application software to assist manage flow of traffic, allocation as well as the availability of parking space within the Nairobi streets which is currently a major challenge to every motorist.

Wahab (2012) established that the adoption and use of the e-payment system were found to be low mainly due to shortage of point-of-sale terminals at shopping points, among others. These affected the perceived ease of use even though the perceived usefulness of e-payment systems is strongly present among individuals and businesses. The study recommended customer education and widespread distribution of e-payment point of sale terminals to merchants.

Kayaga (2010) study showed that new technology alone is not enough unless the government recognizes the need for skilled tax officials. The scholar further states that effective tax administration requires qualified tax personnel with requisite skills and competencies to maintain these systems and operate them to their fullest potential. Simiyu's (2010) study established that tax officers accepted bribes when offered to reduce tax liability and demanded bribes whenever they visited, a situation that hugely affected revenue collection in Nairobi County.

Gikandi and Bloor (2010) study found that some factors tended to inhibit the adoption of e-commerce in Kenya. These include; lack of resources, constant change in technology, time available to develop systems, the lack of spread of accessibility and use of the internet by the general population, especially in the rural areas. Organizational, governmental and developmental issues were also identified as constraints to the adoption of e-commerce in the banking sector in Kenya. The study proved that e-banking introduced new risks requiring new risk management strategies, including internet security, customer and related legal issues. The study concluded by emphasizing the role of Kenya Government in achieving a secure environment for e-banking activities by; putting in place clear laws, rules and regulations and providing relevant technical training to regulatory authority to empower them to enforce laws effectively.

2.5 Critique of Existing Literature

Ronald (2011), the proponents of the fiscal federalism theory advocate for greater fiscal autonomy of the devolved governments. Where the devolved governments rely solely on grants from the central governments, economic efficiency may not be achieved as the process may be open to political manipulation with hefty grants being allocated to "favourable regions." This has been experienced in Nigeria. Counties in Kenya should be encouraged to raise their own revenue where possible. The National Government obviously should be in charge of collecting the major tax bases such as income tax, VAT and Corporate tax.

Bigambo (2012), Federations like the USA and Canada are designed in a way that give the states discretion over their taxes as most states levy their own corporate tax and personal income taxes. However, the danger here is that this can lead to disparities amongst the counties as their revenue-raising capacities may vary, and an additional risk of misappropriation of funds due to weak administrative capacities. In order to succeed, Kenya must strengthen the counties' capacity to raise and collect own revenues in order to empower themselves (Cottarelli, 2011). This lessens their dependence on the National Government and thereby goes a long way to provide services to the people. However, there should be some limits imposed on fiscal autonomy. Jurisdictions with different levels of income and wealth have very different tax resources at their disposal, and the need to ensure that citizens have access to a roughly equal level of public services implying some degree of redistribution between sub-central governments. For this reason, no country has opted for complete fiscal autonomy. Best practice dictates that redistribution of resources can be achieved through the use of transfers funded from national revenue, or by implementing tax-sharing arrangements designed to benefit weaker states.

Maina (2010), best international practice dictates that allocations to the subnational governments should be per the sharing of the expenditure responsibilities. This essentially means that finance should follow functions. This is the case in South Africa. Unfortunately, in Kenya, the approach taken is that of "how much does each county get.” The current calls of amending the constitution through a referendum to increase the 15% equitable share is a reflection of this reality, yet the counties cannot manage the amount allocated to them. Furthermore, the phasing of functions from the National Government to the County Governments is yet to be completed; therefore, this move may be premature (Bigambo, 2012).

The lower tiers of government in virtually all jurisdictions are faced with the common challenge of horizontal imbalances which occur naturally in decentralization when it comes to revenue sharing arrangement. If one state or county or province has less fiscal capacity than the other, then it would be disadvantaged in providing basic facilities to its residents and would result in both inefficiency and inequity on those jurisdictions. The revenue allocation formula to distribute revenue among the states must factor in all parameters to ensure as much as possible that equity is achieved as that is one of the most fundamental principles when it comes to revenue sharing in any decentralized system of government. The concept of equalization ought to be constitutionalized, as in the case with Germany. Kenya's Constitution provides for an equalization fund, but it does not contain provisions on how this equalization is to take place. Germany's equalization system has a considerable effect on redistributing disposable per capita income and thereby reducing disparities in the states by about 37%. This results in ensuring that all the states have the financial capacity to provide public services to their residents (Simiyu, 2010). An example in Kenya is the overlapping role of the CDF fund that has made efforts towards health care and education, but many projects have been abandoned due to the duplication with the county governments.

In decentralized governments, it is common to find shared jurisdiction or at times overlapping jurisdiction between the different levels of government. The importance of intergovernmental cooperation and dependence needs to be emphasized for successful fiscal decentralization to take place, especially when it comes to crucial functions such as tax collection and harmonization. Another critical aspect of intergovernmental interdependence would be to avoid duplication of functions and avoid wastage. Article 6 (2) of the Constitution of Kenya provides that the governments at the national and county levels are distinct and inter-dependent and shall conduct their mutual relations based on consultation and cooperation. This is a best practice in that it combines to a certain extent, the autonomy of the counties at the same time encouraging joint and collaborative action and decision making (Ndunda *et al.,* 2015).

Nigeria is the only federation that practices the principle of derivation whereby a state retains a share of revenue obtained from the exploitation of its natural resources within its territory. This is embedded in the Nigerian Constitution to ensure that mineral producing states benefit from their share of revenues to the federal government. Currently, in Nigeria, the oil-producing states are authorized to retain 13% of the total revenues derived from oil mining, although there are calls to have this percentage increased. Germany, to lesser extent practices, what is known as the principle of local revenue, which is more or less similar to the principle of derivation in Nigeria. This is, however, not entrenched in the German Constitution. The principle of local revenue in Germany applies to income tax and corporate tax, where the individual states retain revenues from the inhabitants of the respective states. This ensures resource-rich counties benefit from their resources- to some extent and are not drowned by the equalization agenda. Devolution in Kenya has not granted counties the mandate to collect all local revenue as witnessed in the fight by the Mombasa Governor Hassan Joho over the Port of Mombasa (Mburugu, 2016).

The County Governments replaced the local governments in Kenya. In Germany, the roles of the local governments (municipalities) in financial arrangements are expressly provided for in the constitution. Similarly, in South Africa, the local governments' share of the national revenue is provided in the Constitution. They have control over the property taxes; Municipalities are mandated to generate income from selling services such as water, electricity and sanitation, which accounts for 70% of their income. The remainder of their income is from the equitable share of the Basic Law Article 28(2) and Part X Articles 104a-115. It, however, should be noted that three of the 16 federal states are city-states (Berlin, Bremen and Hamburg). These three federal states do not separate their municipal budgets from their respective federal budgets and thus only have a federal budget, revenue raised nationally as well as conditional grants. In Kenya, no reference is made in the Constitution regarding the funding of lower levels of governments such as municipalities (Bigambo, 2012).

Some lessons can be drawn from the above. First, the measure of accountability that a devolved unit owes its residents is directly related to the amount of revenue it collects from them. In South Africa, the provinces receive almost all their revenue from the

National Government and therefore they are accountable to the National Government (Kayaga, 2010). In contrast, the municipalities are dependent on their residents for revenue and are directly answerable to its residents.

2.6 Research Gap

On a keen analysis and assessment of the past literature, it’s worth stating that there are gaps both contextual and conceptual in the evaluation of the Influence of governance framework on revenue enhancement for devolved governments in Kenya.

County Governments' Budget Implementation and Review report, (2016) showed an improvement in the levels of revenue collection across counties compared to previous years, the performance by some counties was dismal with Mandera at 28%, Garissa 15.6% and Tana River at 15%. Despite the recorded improvement Nairobi County was crowned best performer collecting 9.62 billion against a 20.2 billion target. Nevertheless, the county failed to reach its internal revenue target since its inception in 2013 forcing the assembly to supplement the budget leading to more study to be done on ways in which the devolved governments can use to achieve the stated budget.

The highest performer against the set target was Laikipia at 78%, followed by Homabay at 76% and Baringo at 67.5% in that order. From the foregoing report it's evident that despite various studies particularly the local ones identifying issues affecting the non-performance by county governments, majority of the counties have not hit the 50% mark against the set targets. Consequently, studies reviewed sought to identify barriers to effective revenue collection as opposed to governance framework on revenue enhancement, which as discussed in this study constitute an ecosystem of the mandate at the policy level and for that matter the constitution, institutional mandate and capacity, human capacity as well as the efficiency of the revenue collection process. Besides the studies are not keen on revenue enhancement but revenue collection and for this reason, even issues of expanding the current tax base do not feature prominently, albeit in one (Nyongesa, 2014).

Gyamfi (2014) on revenue mobilization by districts assemblies in Ghana found that some of the complications undermining revenue mobilization are poor record-keeping on revenue sources, lack of enforcement of revenue mobilization by-laws, inadequate revenue collectors and their training, the study was conducted in Ghana with different statute system. It did not, however, focus on how revenue collection could be enhanced.

It is for this reason that the study at hand sought to evaluate the current status informed by the poor performance as indicated by the controller of budgets report and explore avenues of eliminating inefficiencies in the current revenue enhancement practice and also explore further new revenue sources and innovative yet sensitive ways of increasing revenues for devolved governments in Kenya. The outcome of this study turned to be a holistic design that not only singled out the inadequacies of revenue collection per-se but also drew a comprehensive working formula which enabled understanding and clearly outlining the roles of each stakeholder animate and inanimate as well as pursuing revenue sources that may not be incorporated in the current tax base.

2.7 Summary

It is widely acknowledged that revenue enhancement is a critical factor in devolved governments' development. Counties need to be aware of the factors that lead to enhancement of revenues. Accountability and transparency during revenue collection is another factor to be considered and this may result either to high or poor collection of the revenues. In spite of the above, governance issues in devolved governments vary due to existing institutional capacities, policies, regulatory frameworks and human capacity. Literature has confirmed that there have been breaches in regulation even in instances where people are aware of these governance frameworks on revenue enhancement.

Sequential theory of decentralization affects various ways upon which the devolve units tend to maximize their revenues. However, due to the scarcity of relevant studies on the subject matter, contradictions in findings and poor collection and budgeting with the resources that are being allocated to the devolved governments has led to insufficient revenue utilization that has been witnessed in all the counties in Kenya. The study sought to bridge the research gap by examining and underscoring the Influence of governance framework on revenue enhancement for devolved governments in Kenya with a view to ascertaining what constitutes the best ways of optimizing revenue collection. The chapter also summarized the main theories that relate to revenue enhancement. The next chapter describes the research methodology that was used to conduct the study.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes various methodologies that were used in the study including; the research philosophy, the research design, the target population, sampling technique, data collection instruments, data collection procedures, data processing, analysis and presentations.

3.2 Research Philosophy

Philosophy is a system of beliefs and conventions concerning the development of knowledge. Research. Philosophy relates to the growth and basis of knowledge upon which assumptions and biases of a study are grounded. It stresses on what you are doing when conducting research; it encompasses the development of expertise in any research work and tends to address a specific problem in society (Saunders, Lewis& Thornhill, 2015).

This study adopted the pragmatism philosophy. Pragmatism asserts that concepts are only relevant where they support action (Kelemen and Rumens 2008). Reality matters to pragmatists as practical effects of ideas, and knowledge is valued for enabling actions to be carried out successfully.

For a pragmatist, research starts with a problem, and aims to contribute practical solutions that inform future practice. Researcher values drive the reflexive process of inquiry, which is initiated by doubt and a sense that something is wrong or out of place, and which re-creates belief when the problem has been resolved (Elkjaer & Simpson, 2011).

Pragmatists recognise that there are many different ways of interpreting the world and undertaking research, that no single point of view can ever give the entire picture and that there may be multiple realities. This does not mean that pragmatists always use multiple methods; rather they use the method or methods that enable credible, well-founded, reliable and relevant data to be collected that advance the research (Kelemen & Rumens 2008).

The choice of this philosophy for the current study was influenced by the fact that this research aimed to understand relationships between selected leadership practices and the dependent variable. In so doing, the study wished to provide some practical solutions to the problem of revenue enhancement, which has become a key element of county governments in Kenya.

3.3 Research Design

Silverman (2016) defines the research design as the master plan that is used in the study to answer the research questions. It provides a framework for the collection and analysis of data and the choice gives a reflection on priorities that have been given to the range of dimensions of the research process (Bryman, 2016). A design is used to structure the research, to show how all of the major parts of the research project - the samples or groups, measures, treatments or programs, and methods of assignment - work together to try to address the central research questions (Kabir, 2016). A research design is a general plan of how one goes about answering the research questions, (Saunders, Lewis & Thornhill, 2007). The research design is an overall formulation of a research problem. It refers to the overall strategy that you choose to integrate the different components of the study in a coherent and logical way.

This study adopted the correlational design. A correlational study determines whether or not two variables are correlated. This means to study whether an increase or decrease in one variable corresponds to an increase or decrease in the other variable. It is very important to note that correlation doesn't imply causation (Kabir, 2016). In a correlational design you simply measure variables (without manipulating them) and then analyse the data to see whether the variables are related. Measures of correlation and association measure the strength of the relationship between the variables.

3.4 Target Population

Population refers to the total enumeration of elements that form the focus of a scientific enquiry (Creswell, 2015). It is further argued to be a group of events, things and people of interest and having features which are commonly observed (Kothari, 2013); and target population as a group of individuals, objects or events having observable and discernible common features of interest in the study (Gibson, 2017). The research target population was from five counties in Kenya, selected to represent the existing 47 counties.

3.5 Sample and Sampling technique

Kothari (2013) defines a sample as a subset of a large population and argues that a good sample should have the characteristic of the population. Wilson (2014) confirms that a sample may be more accurate than a census, since a census increases the volume of work which may result in the introduction of tabulation errors. Further, the size of a sample is a function of the variation in the population (Thapa, Cohen, Guffey & Higgins-D'Alessandro, 2013; Gibson, 2017). This is guided by principles such as: dispersion, desired precision, error range and number of subgroups (Sounders, *et al*., 2012). Furthermore, Creswell (2015) argues that sampling is that part of the statistical practice concerned with individual selection or observations intended to generate some knowledge of the population of a given study; and advise that a researcher sample size of 10% is likely to be appropriate. The process of sampling takes into account various issues and depends on the organization type, purpose, complexity, time constraints and previous research in the area. The study used Simple Random sampling while sample the 5 Counties and purposive sampling technique while determining the key informant. The Purposive sampling type of sampling technique refers to the process by which a researcher selects a sample basing on the experience or knowledge of the group that is to be sampled.

3.5.1 Sampling Frame

A sampling frame is defined as a physical representation of all elements in the target population from which the sample was drawn (Kothari, 2013). Creswell (2015) also argues that, a sampling frame is a list of the whole accessible population from which the sample will be drawn. It constitutes all the units that are potential members of a sample (Wilson, 2014).The sampling frame consisted of all the 47 counties in Kenya (GoK, 2010), county assembly speakers, county directors of revenue, county ministry of finance and planning, heads of revenue streams, revenue collection department, controller of budget, select taxpayers, auditor general among others. Kothari (2013) argues that, a sample size of 10% allows for reliable data analysis by providing desired levels of accuracy for testing significance in a particular study. Five counties were selected representing 10% of the 47 counties in the country. This study stratified the target population into cohorts of 10 with the least 7 performing counties forming the last cohort of the 47 counties. From the 5 strata, the study sampled at least one county purposively (basing on the experience or knowledge of the group being sampled) from each cohort arriving at 5 counties which were in line with 10% of the total sample as proposed by Mugenda and Mugenda (2013). The selected counties were Nakuru, Kisumu, Nairobi, Nyeri and Vihiga.

3.5.2 Sample Size

A sample is a smaller number or the population that is used to make conclusions regarding the whole population. Its purpose is to estimate unknown characteristics of the population. Sampling therefore is the systematic process of selecting a number of individuals for a study to represent the larger group from which they were selected (Marshal & Rossman, 1999, Mugenda & Mugenda, 2003). According to Jiang (2010), the main factor considered in determining the sample size is the need to keep it manageable enough. Patton (1980) further argues that the sample size adopted depends on what one wants to know, the purpose of the study enquiry, what is at stake, what is useful, what has credibility and what can be done with available time and resources. Therefore, the sample size of the study was 439 respondents as indicated in table 3.1, 3.2 and 3.3 respectively.

The study comprised of all the following key informants purposively sampled as informed by the literature review:

Table 3.1: Key Informant Sample size

National Government	No.	County Government	No.
Commission for Revenue Allocation	1	Speaker of the County Assembly	5
Controller of Budget	1	Director of revenue	5
Auditor General	1	Head of Revenue Streams	5
		County Finance and Economic Planning	5
Total	**3**		**20**

Source Author (2019)

For revenue collection department, research was limited to the County Government staff attached to the revenue collection, accounts, finance and administrative departments. The employees mentioned above were directly or indirectly involved in revenue collection and as such, were presumed to be on a vantage position to understand the factors that influence optimal revenue collection by the County Government.

Table 3.2: Sample size of the Revenue Collection department

County	(RCCs)	Finance officers	Administrative staff	Total	Sample size
Kisumu	390	29	26	**445**	**82**
Nakuru	435	24	27	**486**	**83**
Nairobi	630	27	25	**682**	**87**
Vihiga	377	25	26	**428**	**82**
Nyeri	386	23	28	**437**	**82**
Total	**2,218**	**128**	**132**	**2,478**	**416**

Source: CIDP Report (2016)

Derivation of the sample size was done using Nassiuma's (2000) formula and stratified random sampling which is a form of probability sampling was employed to obtain the sample of respondents from the study population as follows:

$$\frac{NC^2}{}$$

$C^2 + (N-1)\, e^2$

Where: n = sample size;

N = population size;

C = coefficient of variation which is 50%

e = error margin which is 0.05.

Substituting these values in the equation, estimated sample size (n) was:

Kisumu County

$$n = \frac{445\,(0.5)^2}{0.5^2 + (445-1)0.05^2}$$

n =81.8

n =82 respondents

Nyeri County

$$n = \frac{437\,(0.5)^2}{0.5^2 + (437-1)0.05^2}$$

N =81.52

N =82 respondents

Nairobi County

$$n = \frac{682\,(0.5)^2}{0.5^2 + (682-1)0.05^2}$$

n =87.32

n =87 respondents

Vihiga County

$$n = \frac{428\,(0.5)^2}{0.5^2 + (428-1)0.05^2}$$

n =81.25

n =82 respondents

Nakuru County

$$n = \frac{486\,(0.5)^2}{0.5^2 + (486-1)0.05^2}$$

$$n = 83.07$$

$$n = 83 \text{ respondents}$$

Stratified simple random sampling was adopted and within each stratum, the respondents were expected to be homogenous. Stratified random sampling asserted to return less error than simple random sampling (Trochim, 2002), which further was used to justify its pick in the study.

Table 3.3: Total Study Sample size

Category	Study sample
Key informants	23
Survey	416
Total	**439**

Source: CIDP Report (2016)

3.6 Data collection instruments

The study used semi-structured questionnaires to obtain primary data for analysis. The choice of this instrument was based on the fact that they are easy to administer and analyse and are economical. Questionnaires are instruments that ask individuals to answer a set of questions or respond to a set of statements (Rowley, 2014).

A self-administered semi- structured questionnaire of 5-point Likert scale was developed for the various variables in the study as it enabled collection of well thought responses and provides confidentiality compared to an interview. The questionnaire was structured based on each of the four independent variables of the study as well as the dependent variable (revenue enhancement). The researcher was interested in; reasons for poor collection, suitable methods to increase collection, challenges faced in revenue mobilization and interventions required.

3.6.1 Data Collection Procedure

The research procedure included obtaining an authorization from the University to conduct research, County Government and Research Permit from the National Commission for Science, Technology and Innovation (NACOSTI). Accordingly, the research tool included an attached introductory letter from the university meant to facilitate the acceptance by both the respondents and their respective institutions.

The researcher recruited research assistants to assist in data entry and other logistical assignments. The enumerators were trained to enhance their competence and minimize as much as possible data collection and data entry errors. The data collection team comprised of three research assistants and the researcher, all of whom were able to speak the native language of the respondents. The roles of the research assistants were, visiting the study area, identifying subjects and ensuring that subjects understand their role in the study.

The role of the researcher was to; train assistants before going to the field on how to establish a relationship with respondents and how to use the data analysis code sheet to sort and organize data from the field, visiting the research area, identifying and obtaining consent of participation by key informants. The researcher also guided the assistants throughout the process to ensure that data collected was relevant. The researcher also kept in touch with the supervisors for advice on the way forward in respect to emerging issues during and after the actual data collection period and to perform data analysis and interpretation in line with the objectives and requirements of the study.

3.7 Pilot study

A pilot study was carried out from a representative sample to determine and improve the validity and reliability of the questionnaires. Ibrahim, Hami and Abdulameer, (2020), states that a pre-test sample should be between 1% and 10% depending on the sample size. Hirose and Creswell, (2023) describes a pilot test as a replica and rehearsal of the main survey which establishes the reliability and validity of the instruments. It captures important comments and suggestions from the respondents that enable the researcher to improve on the efficiency of research instrument. A pilot study was therefore carried out targeting 44 respondents who were randomly selected and considering the strata distribution across the counties. This represented 10% of the sample size (10% of 439 sample population). The researcher also corrected ambiguity of questions and unclear instructions in the instruments with the assistance of the supervisors. This was done to allow for the preparation of the final questionnaire.

3.7.1 Validity

Validity refers to the degree to which results obtained from the analysis of the data actually represent the phenomenon under study (Franklin, 2012). It is the degree to which research tools measure what it purports to be measuring (Riazi, 2017). The study adopted the use of content validity.

Creswell and Creswell (2017) reports that measuring and reporting content validity of instruments are important. Content validity is used to measure the variables of interest. It can be used to measure the appropriate sampling of the content domain of items in a questionnaire. Biesta (2017) argued that there are two standards for ensuring content validity: firstly, the sampling of the items and secondly, the method of constructing the items.

DePoy and Gitlin (2019) stated that content validity is obtained from three sources: literature, representatives of the relevant populations, and experts. The first step of instrument development is to identify 'what domain of construct' should be measured. This can be determined through literature reviews, interviews and focus groups. By determining a precise definition of traits of interest, a clearer picture of limitations, dimensions, and components of the subject can be reached. The qualitative method can be helpful for determining the domain and concepts of construct that are of interest here. The researcher, therefore, relied heavily on developing the constructs from the reviewed literature. Based on the evaluation, the instrument was adjusted appropriately before subjecting it to the final data collection exercise.

3.7.2 Reliability

Reliability refers to the consistency or stability of a measurement. A test or instrument with good reliability means that the respondent will obtain the same score on repeated testing as long as no other extraneous factors affect the score (Segal & Coolidge, 2018). Reliability is extremely important because evidence of reliability is necessarily the first step in establishing the scientific acceptance and usefulness of a test.

Reliability was estimated using scale reliability. Segal and Coolidge (2018) define scale reliability (commonly called internal consistency or internal scale reliability) as a measure of how well the items on a test relate to each other. The standard statistic for scale reliability is Cronbach's coefficient α (typically denoted α). One way of understanding Cronbach's α is to view it as an average of all of the correlations of each test item with every other test item.

Generally, values above .90 are considered excellent, values above .80 are considered good, and both are considered to be reflective of a reliable (internally consistent) measure. Values around .70 are often considered acceptable although not ideal (Tarakal & Dennick, 2011). Cronbach values above 0.7 were thus accepted for the study.

3.8 Data analysis and Presentation

On receipt of the completed questionnaires, the collected data was checked for errors in responses, omissions, exaggerations and biases. The researcher carried out a quantitative analysis of the data obtained from the field.

3.8.1 Quantitative data analysis

Quantitative data were analyzed by the use of the Statistical Package for Social Sciences (SPSS version 22). The analysis involved loadings of various items of the main variables of the research that included, data on mean, standard deviation, variance, skewness and kurtosis. The analysis also involved the Kruskal-Wallis rank sum that was tested to assess the effect of categories on particular responses and correlation analysis to examine the relationship between various responses using the following steps: -

Step I: Component factor loading and analysis

Component factor loading was done to select only strong variables that were used for analysis and covered, institutional capacity, policy implementation, regulatory frameworks, and human capacity on revenue enhancement. Before this analysis was carried out, a Kaiser-Meyer-Olkin test was done to establish if the available data met the threshold for factor analysis test after which factor analysis was tested in all the variables of the study to minimize redundancy of the statements.

Step II: Descriptive results

Descriptive results were presented from findings. This involved the generation of quantitative reports in the form of tables, percentages, mean score, standard deviation as measures of central tendency. Similarly, a descriptive analysis table was done that showed records of mean, standard deviations, standard errors, kurtosis and skewness. The analysis thus provided a framework for generalization of the findings on the influences of institutional capacity, policy implementation, regulatory frameworks, and human capacity on revenue enhancement.

Step III: Normality test

The normality of collected data was analyzed by the use of the Kolmogorov-Smirnov test and Shapiro-Wilk test as well as a normal Q-Q plot. For all the probabilities that were higher than 0.05, the collected data was then considered as normally distributed (Saunders, Lewis &Thornhill, 2012).

Step IV: Sample adequacy test:

Bartlett's test of sphericity was used to test the sample adequacy of the data to confirm if the sample population used in the study is adequate to represent the entire target population of the study.

Step V: Multi-collinearity

Variance inflation factor was used to measure multi-collinearity that exists between the variables as well as the tolerance levels. This confirmed the extent to which one factor in the study can be expressed in terms of another. It outlines the relationship that exists between the independent factors of the study. The tolerance value allowed was 0.2 where all the variables were above 0.2 tolerance value indicating that the variables do not share 80% of the variance with another variable and the VIF values were all below 5 as given by Ringle *et al*., (2015) that the maximum VIF values should be 5.

Step VI: Test for linearity

The test for linearity was conducted to establish that the relationship between the independent and the dependent variables was linear and to allow for the linear regression test to be conducted in the study. The test was given using a scatterplot with the standard residual value and the standard predictor values. The relationship between the response variable and the independent variable was linear since the residual values in the scatter plot was randomly scattered around 0.

Step VII: Homoscedasticity test

The researcher evaluated pairs of variables for the test of homogeneity of variables using Levene Statistics, which was more than 0.05 testing at 5% significant level using a one-tail test. The researcher then concluded that the data was homogeneous thus fit for regression analysis since the level of Levene statistics established was more than 0.05 level of significance.

Step VIII: The Correlation coefficients

The correlation coefficient was used to test the relationship between the independent variable and the dependent variable and the relationship between the independent and the other independent variables using 5% and 1% significance levels, respectively.

Step IX: Test for reliability

The test for reliability was conducted using Cronbach Alpha values from the variables of the study. The Cronbach Alpha values were taken at 0.7, where any Alpha values above 0.7 indicated good reliability of the data collection instruments. The Alpha values above 0.7 indicated that there was good internal consistency in the study instruments, thus making them fit for data collection exercise.

Step X: Regression analysis

Multiple regression analysis was conducted to establish the relationship between institutional capacity, policy implementation, regulatory framework, and human capacity on revenue enhancement. Multiple Regressions Analysis was done to analyse how a number of covariates affect a specific response to the variable (Cohen, West and Aiken, 2003).

A multivariate regression model was used to link both the independent and dependent variables as outlined below.

$Y = \alpha + \beta 1X1 + \beta 2X2 + \beta 3X3 + \beta 4X4 + e$ Where:

Y = Revenue enhancement

α = Constant

Term β1, β2, β3, and β4= Regression coefficients of the independent variables (i.e. for Institutional Capacity, Policy implementation, regulatory Frameworks and Human capacity respectively)

X1= Institutional Capacity

X2= Policy implementation

X3= Regulatory Frameworks

X4=Human Capacity

e = Error term

The values of B_1 to B_4 are the coefficients that measure the sensitivity of revenue enhancement to a unit change in the independent variable. F-test was done to test the significance of each independent variable at 95% confidence level.

Similarly, P-value was computed to help gauge the level of robustness of the model. The null hypothesis was then rejected where the computed p-value was found to be less than 5% level of significance. On the variables where p-value was less than 0.05, it was concluded that the variable significantly affected the dependent variable. And for the variables whose P-value was greater than the significance level (0.05), it was concluded that the model was not significant and was not used to explain the variations in the dependent variable. Analysis for variances (ANOVA) was also tested to give the overall fit of the model in regression analysis. ANOVA gives the level of significance of the overall fit of the regression model.

Table 3.4: Operationalization of the study variables

Hypothesis	**Independent Variables**	**Test**	**Model**
H_{01}: Institutional capacity does not significantly influence revenue enhancement in devolved governments in Kenya	Institutional capacity	Simple regression, accept if $p<0.05$ or otherwise reject	$Y = \alpha + \beta 1X1$
H_{02}: Policy implementation do not significantly influence revenue enhancement in devolved governments in Kenya	Policy implementation	Simple regression, accept if $p<0.05$ or otherwise reject	$Y = \alpha + \beta 2X2$
H_{03}: Existing regulatory frameworks do not significantly influence revenue enhancement in devolved governments in Kenya	Existing regulatory frameworks	Simple regression, accept if $p<0.05$ or otherwise reject	$Y = \alpha + \beta 3X3$
H_{04}: Human capacity do not significantly influence revenue enhancement in devolved governments in Kenya	Human capacity	Simple regression, Accept if $p<0.05$ or otherwise reject	$Y = \alpha + \beta 4X4$

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter presents information on data analysis, interpretation and discussion of the research results. The main purpose of the study was to evaluate the influence of governance framework on revenue enhancement for devolved governments in Kenya. Data collection was conducted using trained research assistants who understood the contents of the research questionnaire. The collected data were then checked for completeness and accuracy after which it was analysed and reported according to research objectives in the study. The collected data was quantitative in nature. Quantitative data analysis involved both descriptive and inferential analysis techniques. Descriptive statistics included frequencies and percentages of the response, while inferential analysis statistics included linear regression and correlation analysis to give the relationships between the response variable and the predictor variables in the study.

4.2 Response rate

A total number of 439 questionnaires were administered to sampled employees in the county Governments involved either directly or indirectly in revenue collection. From table 4.1, 402 questionnaires were returned for analysis indicating a 91.57% response rate.

Table 4.1: Response rate

Rate Response	Respondents	Percentage
Returned	402	91.57
Not Returned	37	8.43
Total Distributed	**439**	**100.00**

A response is considered poor if it is below 60%, but that between 60% and 80% is adequate (Edward *et al*., 2002). Babbie (2011), however, considered a response rate of 50% to be adequate. The response rate of 91.57% was thus considered excellent and sufficient for the study based on these arguments. Mugenda and Mugenda (2003) proposed that a response rate of 80% and above is to be considered excellent and sufficient.

4.3 Demographic characteristics of the respondents

This section showed the demographic characteristics of the respondents which comprised of gender, respondent's level of education, the working period in years, the period spent in the current position and the respondents' previous working status. The demographic analysis helps understand the population characteristics and the sampled respondents by determining the distribution of the population based on the traits. Descriptive analysis was carried out on the selected demographic characteristics.

4.3.1 Respondents' gender

Gender is the characteristic pertaining to the diversification between masculinity and femininity of the respondents. The distribution of the sampled respondents by gender is as presented in figure 4.1. The results revealed that the majority (52%) of the respondents were male, while 48% were female. The gender proportions are however, almost equal and do not indicate gender imbalance. Vast portions of gender imbalance could be considered as a demographic factor that would affect the results of the study.

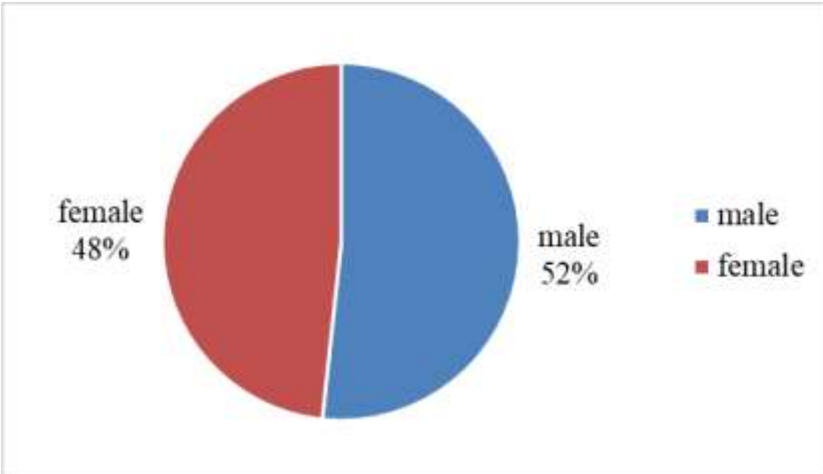


Figure 4.1: Gender of the respondents

4.3.2 Highest level of education attained

The respondents were asked to indicate their highest level of education and the results were presented in figure 4.2. The results revealed that majority of the respondents, 53.20%, had their highest education level as high school, 40.30% had theirs as a Bachelor’s degree, and 5.2% with master’s degree, 1% as a doctoral level while 0.2% had their highest level at certificate level. The main aim of collecting and analysing the level of education of the respondents was to assess their capability to answer and to understand the concepts in the questionnaire and give valid and reliable responses. The study formulated the questions considering high school leaver as appropriate respondents and having considered the minimum qualification for the revenue clerk's admission to county governments. Having observed that majority of the clerks were high school leavers and those with Bachelor's degrees, it was concluded that there was no large variance on the levels of education to affect the results. Connelly *et al*. (2016) noted education level as a dominant explanatory factor influencing several economic phenomena and is commonly used as a control variable in many social studies.

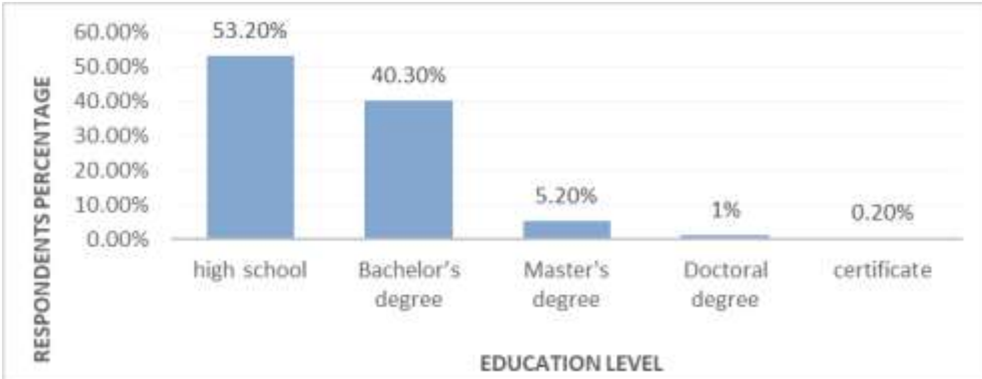


Figure 4.2: Highest level of education

4.3.3 Respondents' work experience (length of employment)

The respondents were asked to indicate how long they had worked in the county and the results were presented in figure 4.3. The results revealed that 37.30% of the respondents had worked for the county for 2 to 5 years, 24.40% had worked for the county for less than two years, and 22.10% had worked for 6 to 10 years whereas 16.20% had worked for more than ten years. The length of time a respondent had been employed could determine the reliability of the responses given. A respondent who has only worked for a short period with the county government might not be well aware of the operations of the units resulting in questionable responses. Over 75% of the respondents had been in service for more than two years, which was considered appropriate to give reliable answers to the questions asked.

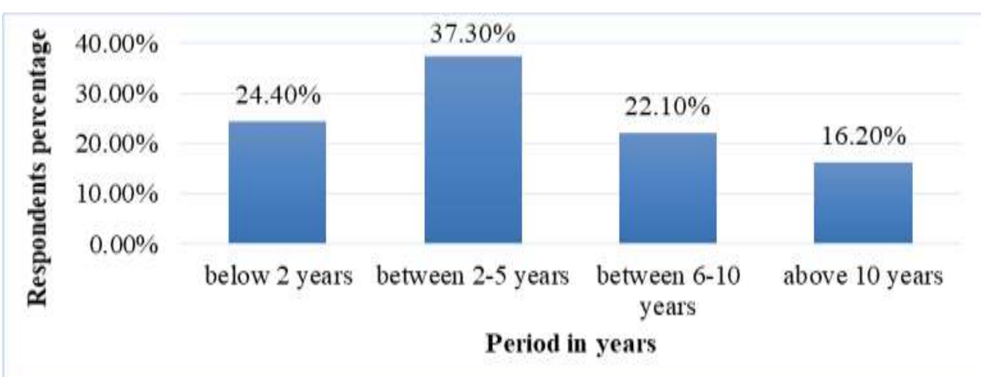


Figure 4.3: Length of employment

4.3.4 Period spent in the current position

The respondents were to indicate the duration they had served in their current position and the results were presented in figure 4.4. The results showed that most of the employees, 39%, had worked for 2 to 5 years in their current position, 31% of respondents had been the same position for less than two years, 21% had worked for 6 to 10 years while 9% had worked for more than ten years. 69% of the respondents had served in the targeted position for over two years, giving them more insight into the aspects of revenue collection questions asked.

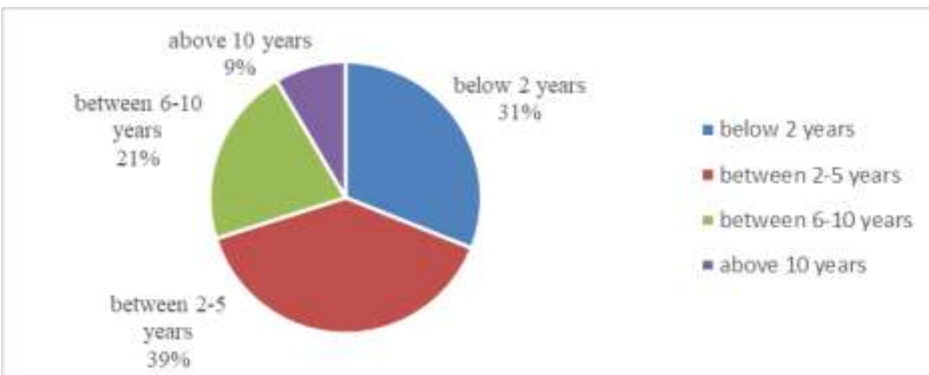


Figure 4.4: Period in the current position

4.3.5 Working status of the respondents

The respondents were asked to indicate if they had worked for other organization before joining the county governments. The results in figure 4.5 showed that majority, 69% of the respondents, had worked in other organization before joining the county government, whereas 31% of the respondents had only worked with the county government. According to Mgonja and Poncian, (2019), public officials are more effective as revenue collectors than their private counterparts. However, the county government officials who have had the experience as private sector employee have an advantage of broader insight on the operations of non-public entities from which revenue is collected. This can, on the other hand, be tapped to maximize revenue collection.

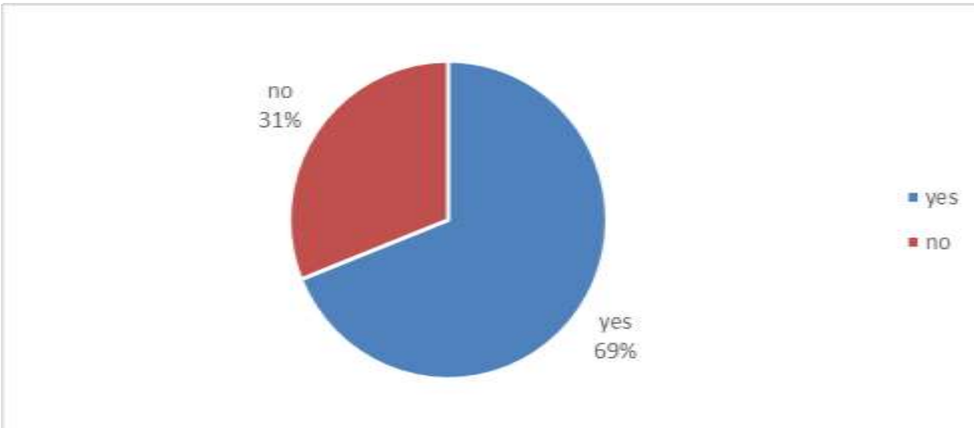


Figure 4.5: Working status of the respondents

4.4 Pilot study results

A pilot study was carried out targeting 44 respondents who were randomly selected and considering the strata distribution across the counties. This formed 10% of the targeted sample size (10% of 439). Only the sample population number for the survey was targeted for the pilot, where 44 respondents were taken to minimize the margin of error. The data used in the pilot test for testing the validity, reliability and other diagnostic tests were collected from other counties other than the ones selected for the study. The data collected for the pilot study was used to assess the validity and reliability of the study instrument where Kericho, Kakamega and Kisii counties participated in the pilot test since they possessed the necessary information yet were not among the five counties targeted for the study thus reducing the duplication of work and interference with the target and sample population for the study.

4.5 Diagnostic statistics

This study aimed to evaluate governance frameworks on revenue enhancement for devolved governments in Kenya. Inferential statistics were carried out to determine the causal relationships between the independent and the dependent variable in the study. In assessing the correlation between the study variables and fitted regression models, the Ordinary Least Squares (OLS) regression models were considered to be Best Linear Unbiased Estimators (BLUE) since its classical assumptions were met as given in this section. The following prerequisite tests were carried out before the main analysis was conducted on the data gathered from the field: validity analysis test, reliability analysis test, normality assumption test, multicollinearity assumption test, linearity test and test of homogeneity of variance as discussed in the following sections of the chapter.

4.5.1 Validity of the Instrument

The data collection instrument was tested for content validity. This was established by adopting contents taken from existing literature regarding the study variables. A collection of this literature ensured that the contents exhibited the elements that define the constructs relating to the independent and dependent variables.

4.5.2 Sample Adequacy Test (Kaiser-Meyer-Olkin (KMO))

The sample adequacy test was done to define if the sample used in the study was adequate or inadequate. It was measured using the Kaiser-Meyer- Olkin (KMO) test. Table 4.2 shows the KMO and Bartlett's test results for the EFA model which test the sampling adequacy for assessing data suitability for carrying out the factor analysis model (Laura, Burton & Stephanie, 2011). The KMO value is 0.921, which is high enough considering the adequacy thresholds of 0.5 by Dilci, (2019) and 0.6 to 0.7 (Biesta, 2017). Bartlett's tests also show significance reflected by the chi-square statistic, which has a p-value of 0.000 that is less than 0.05. This shows that the item (indicators) correlation matrix is not an identity matrix; thus, the data is adequate and suitable for factor analysis (Dilci, 2019). Also generated from EFA were the unrotated and rotated factor loadings matrices. The rotated factor loadings matrix is shown in appendix IV-2. According to the results, all the indicators at least loaded one of the retained latent variables above 0.4. In EFA, an observed variable (indicator) is considered to belong to the construct it loads highest and above 0.4.

Table 4.2: KMO and Bartlett's for the EFA model

Test		**Statistics**
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.921
Bartlett's Test of Sphericity	Approx. Chi-Square	4967.851
	Df	44
	Sig.	.000

Confirmatory factor analysis (CFA) was also used as a model restricted to the hypothesized model. In this analysis, the indicators of each construct were restricted to one factor to assess the uni-dimensionality of the constructs of this hypothesized model. A summary of factor loadings generated for each of the 5 constructs studies from CFA is shown in appendix IV-3. This CFA was based on the hypothesized model, which was guided by theories and empirical information to hypothesize the indicators belonging to each construct. On the assessment of uni-dimensionality construct validity was investigated based on factor analysis results. Construct validity was investigated by assessing convergent validity and discriminant validity. The indicators (observed variables) that measure the same construct are supposed to be related to each other, thus show convergent validity if their inter-correlations are at least moderate in magnitude.

On the other hand, a set of observed variables measuring different constructs are not meant to be related to each other and show discriminant validity if their inter-correlations are not too high (Kline, 2011). In this study, the suggested criterion by Fornell-Larcker (1981) was used in assessing convergent validity basing on the average shared variances that are extracted (AVEs) from CFA. Convergent validity for the constructs was confirmed if the AVEs of the constructs were above 0.5. From the criterion proposed by the Fornell-Larcker testing system (1981), squared multiple correlations were investigated in comparison to the extracted AVEs as an assessment of discriminant validity. The constructs are said to exhibit discriminant validity if their AVEs are greater than the squared multiple correlations and said to exhibit construct validity if both convergent and discriminant validity are met.

4.5.3 Construct validity on Institutional Capacity

The indicators of institutional capacity as an independent construct were all found to belong to the construct: All the items were found to have high factor loadings above 0.4 on construct as shown in the CFA factor loadings summary table in Appendix IV-3. All the items (indicators) used to measure institutional capacity were thus retained. Table 4.3 displays a summary of construct validity assessment statistics that was based on the CFA model for institutional capacity. The KMO statistic of 0.865 is well above the adequacy threshold of 0.5 and Bartlett's statistics also has a p-value of 0.000, which is less than 0.05, implying significance. These show that the data was marginally appropriate for the CFA carried out. The research findings have been discussed below per each variable. The AVE used to measure the level of convergent validity was found to be 0.769, which is above the suggested threshold. The Squared Multiple Correlation (SMC) for the construct was found to be 0.568, which is less than the AVE, implying discriminant validity.

Table 4.3: CFA and Construct validity (Institutional Capacity)

	Variable code	Factor loadings
My county has clear expectations and principles on how to work	S1i	0.753
I possess the training and qualifications which relate to the work I do.	S1ii	0.802
My supervisor is knowledgeable and supports me in my work	S1iii	0.730
The departmental structure is clear and I know my roles	S1iv	0.790
The county deals swiftly with unethical work practices	S1v	0.768
Our section is able to perform its functions and achieve its set goals	S1vi	0.770

4.5.4 Construct validity on Policy Implementation

The indicators of policy implementation as an independent latent variable were, however, not all found to belong to the construct. The results for this construct, as shown in appendix IV-3, show that indicators had high factor loadings below 0.4 and were thus expunged and not used in the inferential analysis for drawing conclusions on the study objectives. The remaining 4 indicators that were retained were found to belong to the construct and to exhibit construct validity, as shown in Table 4.4. The KMO statistic of 0.637 is above the adequacy threshold of 0.5 and this shows a significant correlation between the items based on the p-value of 0.000, which is less than 0.05. The validity statistics for the construct showed both adequate convergent validity (AVE =0.651) and discriminant validity confirmed by squared correlations that are less than the AVEs.

Table 4.4: CFA and Construct validity (Policy Implementation)

	Variable code	Factor loading
Every activity is defined by the existing county policies	S2i	0.337
There are clear work plans with regard to revenue collection	S2ii	0.289
Funds have been committed for policy implementation	S2iii	0.49
There are established structures and methods of revenue generation in my section	S2iv	0.77
The department secures support from groups before implementing their action plans.	S2v	0.496
Every legislation on revenue is executed promptly and effectively by the staff in my department	S2vi	0.754

4.5.5 Construct validity on regulatory frameworks

All the hypothesized indicators measuring the third study construct (regulatory Framework) were found to have adequately high factor loadings above 0.4 on the construct. The results, as shown in the CFA factor loadings summary table in appendix IV-3, imply that all the indicators modelled for the construct belong and were retained.

Table 4.5 displays a summary of construct validity assessment statistics that was based on the CFA model for Regulatory framework. The KMO statistic of 0.872 is above the adequacy threshold of 0.5 and Bartlett's chi-square statistic also has a p-value that is less than 0.05, which implies significance. Regulatory frameworks explain 67.86% of the variation in the indicators. The AVEs for this construct was found to be 0.824, which is above the 0.5 thresholds and is higher than the squared multiple correlations (SMC), implying that the construct exhibited both convergent and discriminant validity.

Table 4.5: CFA and Construct validity (Regulatory framework)

	Variable code	Factor loadings
There are clear rules that define and support the activities of each section	S3i	0.818
Citizens are fully involved in our departmental activities through both legal and deliberate means of inclusivity	S3ii	0.797
Acquisition and use of resources are clearly stipulated in our guidelines	S3iii	0.869
The county supports staff in their attempts to implement the guidelines by the institution	S3iv	0.832
I am held to account by the existing procedures that define my work	S3v	0.802

4.5.6 Construct validity on human capacity

The indicators of Human capacity as an independent variable were also all found to belong to the construct, as shown in appendix III-3. The results indicate that all items load highly on the construct above 0.4 and exhibit construct validity. As shown in Table 4.6, the validity statistics for the construct reflected both adequate convergent validity and discriminant validity confirmed by AVEs that are above 0.5 and much larger than the squared multiple correlations (SMC). The KMO statistic of 0.799 is above the adequacy threshold of 0.5 and therefore shows significant correlations between the items based on the p-value of 0.000, which is less than 0.05.

Table 4.6: CFA and Construct validity (Human Capacity)

	Variable code	Factor loadings
The senior management involves me in their decision making	S4i	0.734
The working relationships here are cordial.	S4ii	0.793
The department has invested in my growth in the last one year	S4iii	0.841
The management treats all staff fairly and equally	S4iv	0.672
Feedback is provided promptly and without fail	S4v	0.794

4.5.7 Construct validity on revenue enhancement

Revenue enhancement was the dependent variable of the study and was hypothesized to be measured by 5 indicators. One of the items was, however, found not to belong to the construct and was expunged based on the low factor loading of 0.351 (Appendix IV-3). All the other items were found to have high factor loadings above 0.4 and were retained. Table 4.7 displays a summary of construct validity assessment statistics that was based on the CFA model for Revenue enhancement. The data was marginally appropriate for the CFA carried out on this construct. The KMO statistic of 0.734 is well above the adequacy threshold of 0.5 and Bartlett's statistics also has a p-value of 0.000, which is less than 0.05, implying significance. The AVE used to measure the level of convergent validity was found to be 0.703 also above the suggested threshold. The Squared Multiple Correlation (SMC) for the construct was found to be 0.387 and being less than the AVE implies discriminant validity.

Table 4.7: CFA and Construct validity (Revenue enhancement)

	Variable code	Factor loadings
My section meets and exceeds its annual revenue targets	S5i	0.351
The section meets our clients' needs without any hitches	S5ii	0.702
We are able to collect county debt without fail	S5iii	0.764
The departmental clients do not complain about our billing	S5iv	0.753
Annual recurrent budgets are met	S5v	0.701
The section has not lost any revenue and has succeeded in generation of revenue as planned	S5vi	0.561

4.5.4 Reliability Analysis Results

Reliability refers to the extent to which an assessment tool produces consistent results. According to Creswell (2008) reliability refers to stability or consistency of measurements; that is whether or not the same results would be achieved if the test or measure was applied repeatedly. Reliability analysis was conducted on the various variables, namely: internal capacity, policy implementation, existing regulatory frameworks, human capacity and revenue enhancement. Cronbach alpha measure of reliability was used to assess the reliability of the retained items measuring the constructs and results were presented in Table 4.8.

Table 4.8: Reliability Analysis

Factors	Targeted Items	Retained Items	Cronbach's Alpha	Comments
Institutional Capacity	6	6	0.804	Reliable
Policy Implementation	6	4	0.790	Reliable
Regulatory frameworks	5	5	0.801	Reliable
Human Capacity	5	5	0.717	Reliable
Revenue enhancement	6	1	0.783	Reliable

The findings in Table 4.8 showed that the retained indicators for each construct yielded adequate reliability based on the Cronbach's alpha coefficients. Institutional capacity had a coefficient of 0.804; policy implementation had a coefficient of 0.790, regulatory frameworks had a coefficient of 0.801, human capacity had a coefficient of 0.717 and revenue enhancement had a coefficient of 0.783. The Alpha coefficients for the variables were found to be above 0.70. Mugenda and Mugenda (2003) indicated that a coefficient of 0.70 and above implies a high degree of reliability of the data. Therefore, the constructs measuring the factors were reliable.

4.5.5 Normality assumption

Linear regression models are fitted based on the assumption that the model residuals follow a normal distribution. A normality q-q plot was generated as shown in Figure 4.6 to assess for normality of the residuals. The normality of the model residuals is assessed by how well aligned the residual plots are along the diagonal line. The Q-Q plot is a comparison of the distribution from the data (the residual plots) to the theoretical distribution represented by the line. In most of the residual plots on the q-q plot from the model fitted in this study lie along the line implying no deviation from normality, thus the data used in the study are normally distributed since it lies along a straight line with minimum outliers

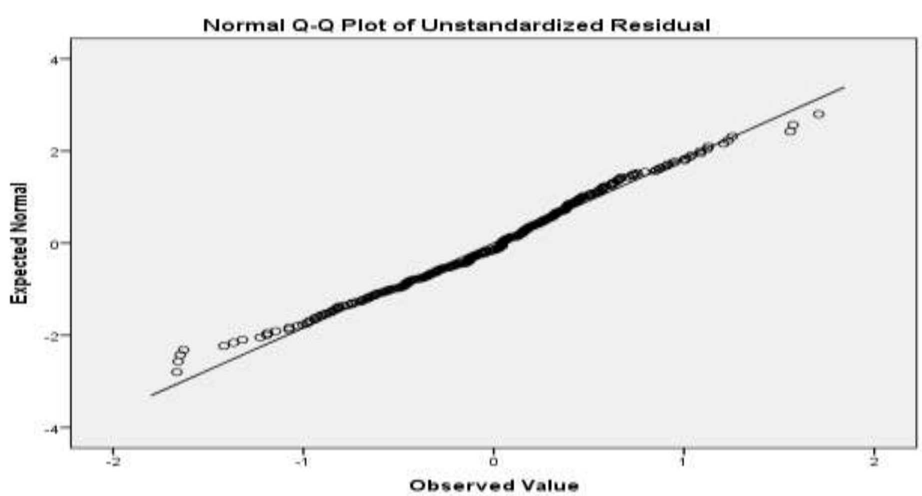


Figure 4.6: Normal Q-Q plot for the residuals

As supported by Wilk (1968), for any normally distributed data, an observation should lie approximately on a straight line. In the case where the data is non-normal, then the points form a curve which deviates markedly from the given straight line that are often referred to as outliers where outliers are considered as points at the ends of a line, which is distanced from the bulk of the observations.

Further to the Q-Q plot, normality was also tested using the Kolmogorov Smirnov test. For a large sample, the Kolmogorov-Smirnov test is preferred; however; results were generated for both Kolmogorov-Smirnov and Shapiro-Wilk as shown in Table 4.9. The p-value of the Kolmogorov Smirnov statistic was found to be 0.200, which is greater than 0.05, implying that the distribution of the residuals did not significantly deviate from normality. The Shapiro Wilk statistics also showed no significant deviation from normality as indicated by the p-value of 0.864, which is greater than 0.05. The overall conclusion that the normality assumption of the residuals was not violated.

Table 4.9: Tests of Normality for Residuals

	Kolmogorov-Smirnov			**Shapiro-Wilk**		
	Statistic	**df**	**Sig.**	**Statistic**	**df**	**Sig.**
Residuals	.091	389	.200*	.981	389	.864

*. This is a lower bound of the true significance.
a. Lilliefors Significance Correction

Table 4.10: Test of Normality using Kurtosis and Skewness

	Skewness		**Kurtosis**	
	Statistic	**Std. Error**	**Statistic**	**Std. Error**
Institutional Capacity	-1.389	.175	2.136	.847
Policy implementation	-.480	.132	-.054	.351
Existing regulatory frameworks	-.216	.168	-1.173	.554
Human capacity	.175	.187	-1.463	.389
Revenue enhancement	-.918	.173	-.094	.421

Prior to analysing data using statistical techniques, it is mandatory to check the normality of the data set by looking at some descriptive values such as skewness and Kurtosis (Butt, 2009). Conducting analysis on non-normally distributed data set with increased skewness and Kurtosis can lead to incorrect results (Butt, 2009), and hence the distribution of each variable was examined prior to the analysis. The skewness values indicate that the scores are skewed - many are negatively skewed and not that much closer to zero. However, because all the skewness values fall within the range of -2 to +2, there is no case of excessive skewness in the data. The Kurtosis Values also fall within the range of -7 to +7 and therefore do not display excessive Kurtosis as well. These results suggest that the normality assumption is not strictly violated in the study, as given in Table 4.10.

4.5.6 Multicollinearity

Multicollinearity refers to the existence of linear relationships between the independent variables of a regression model. Myers (1990) refers to multicollinearity as a phenomenon where independent variables can be expressed as linear functions of other independent variables. A high correlation between independent variables may result in a multicollinearity problem. Variance inflation factor (VIF) and Tolerances were computed for the independent variables, as shown in Table 4.11 to assess multicollinearity. This multicollinearity is attributed to high VIFs above 5 and tolerances below 0.2.

Table 4.11: Multicollinearity test

Variable	**Tolerance**	**VIF**
Institutional Capacity	.789	1.267
Policy implementation	.461	2.170
Existing Regulatory framework	.479	2.086
Human capacity	.476	2.099

Sangeetha (2007) stated that a tolerance value below 0.2 indicates multicollinearity, whereas a value above 0.2 suggests no multicollinearity. On the other hand, Gujarati (2007) suggested that a VIF greater than 5 indicates multicollinearity while a VIF less than 5 indicates non-existence of multicollinearity. Then results in Table 4.11 indicated that Tolerance values for all the independent variables were above 0.2 while the VIF values were all below 5. None of the predictor variables was thus considered to exhibit multicollinearity with other predictors which implied that the model fitted did not violate the non-multicollinearity assumption.

4.5.7 Linearity test

Linearity is the consistent slope of change. This is performed on the dependent and independent variables to establish their relationship. Pearson's correlation analysis was performed to test for linearity. If the p-value of a Pearson's correlation coefficient is less than 0.05 at 5% level of significance, then the variables are said to have a statistically significant linear relationship. This has been done in Table 4.33 on correlation analysis and thus, the linearity of variables is assumed in this case.

4.5.8 Homogeneity of variance

Homoscedasticity of a variable refers to the variance of the variable being constant and may also be referred to as homogeneity of variance. A position non-constant variance is referred to as heteroscedasticity. In Linear regression models, the variances of residuals are assumed to be constant. A scatter plot of standardized residual against predicted scores, as shown in figure 4.7 is used to explore the homogeneity of the residuals. Homoscedasticity is attributed to plots that randomly scattered about zero shown by the horizontal reference line while heteroscedasticity is implied if the plots form a pattern of a decreasing or an increasing trend. The plots in figure 4.7 generated from the model fitted in this study show no signs of patterns and thus indicate the possibility of homoscedasticity of the model residuals.

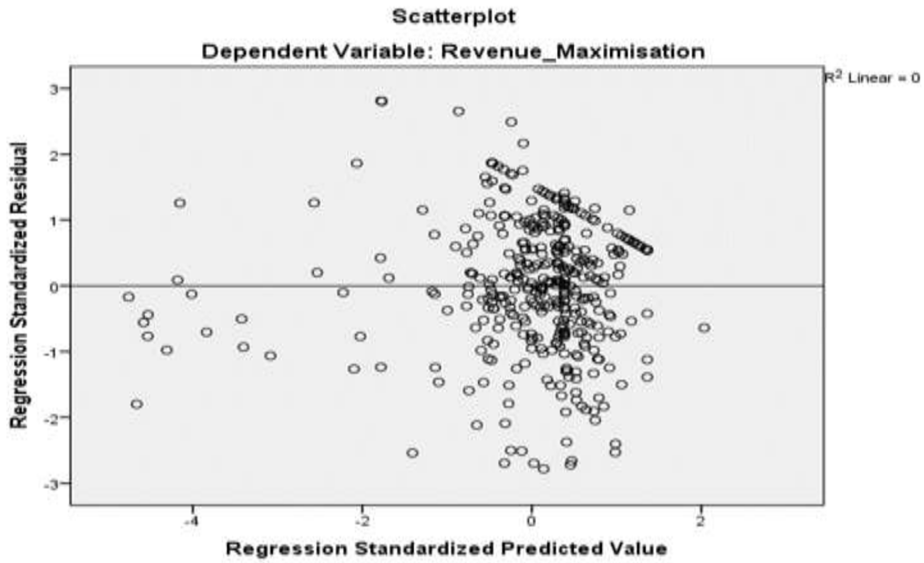


Figure 4.7: A scatter plot of standardized residuals values against standardized predicted values

Further to the residuals plot, a Breusch-Pagan test for heteroscedasticity was carried out. In this test, the BP Lagrange multiplier (LM) statistic, which follows a chi-square distribution, was generated for the model residuals with its P-value.

A null hypothesis was generated; H_0: residuals are homoscedastic (residuals do not exhibit heteroscedasticity) was tested and the results displayed in Table 4.12. The P-value of the BP-LM Chi-square statistic was found to be 0.113, which is greater than 0.05, which implies no significant heteroscedasticity. The null hypothesis was thus not rejected, resulting in a conclusion that the residuals do not exhibit heteroscedasticity to imply that the assumption of homoscedasticity of the residuals was not violated.

Table 4.12: Test for Heteroscedasticity

	LM	Sig	Conclusion
BP	5.962	0.113	Fail to reject H_0
Koenker	5.221	0.156	

4.6 Revenue enhancement

4.6.1 Descriptive statistics on revenue enhancement in devolved governments

The purpose of the study was to evaluate the Influence of governance framework on revenue enhancement for devolved governments in Kenya. Revenue enhancement was the dependent variable of the study; therefore, the construct cut across all the specific objectives. The construct was also measured using proxy variables formulated as questions on an ordinal categorical scale. The questions sought to determine the respondents' perception of the level of revenue enhancement in the devolved governments based on their levels of agreement with the concepts asked. The results were presented in Table 4.13.

Table 4.13: Descriptive statistics on revenue enhancement

Statement	1	2	3	4	5	Mean	SD
My section meets and exceeds its annual revenue targets	4.0%	4.2%	17.2%	34.1%	40.5%	4.16	2.704
My section meets our clients' needs without any hitches	5.0%	10.4%	16.2%	27.4%	41.0%	3.89	1.196
We are able to collect county debt without fail	4.0%	4.0%	10.7%	40.8%	40.5%	4.1	1.011
The departmental clients do not complain about our billing	5.0%	3.2%	10.0%	44.0%	37.8%	4.2	2.735
Annual recurrent budgets are met	3.2%	3.2%	10.9%	49.0%	33.6%	4.07	0.919
The section has not lost any revenue and has succeeded in generation of revenue as planned	3.0%	6.7%	15.2%	38.3%	36.8%	4.01	1.011

The first item of the dependent variable sought to determine whether the revenue section meets and exceeds its annual revenue targets. The majority (40.5%) of the respondents strongly agreed, 34.1% agreed, 17.2% were uncertain, while 4.2% and 4% disagreed and strongly disagreed respectively. On average (mean=4.16), the respondents were considered to have agreed that revenue targets are generally met. Next on this variable, the respondents were asked whether the section meets our clients' needs without any hitches. To this question, the majority (41%) of the respondents strongly agreed, 27.4% were in agreement, while 16.2% were uncertain. Only 10.4% disagreed, and 5% strongly disagreed with this statement. The mean response was found to be 3.89, implying that the respondents are on average in agreement with this statement.

Regarding whether counties were able to collect county debt without fail, a majority (40.8%) of the respondents strongly disagreed while 40.5% disagreed. There were 10.7% of the respondents who were uncertain while 4% agreed and another 4% strongly disagreed to this. This confirms that most counties hardly meet their debt collection targets fully. The respondents were also asked whether the departmental clients did not complain about the county billing to which the majority (44%) of the respondents were in agreement and 37.8% in strong agreement. Only 10% of the respondents were uncertain, 3.2% in disagreement and 5% in strong disagreement. This resulted in an average response (mean=4.2) of agreement. The county billing system is thus faultless.

It was also observed that the county annual recurrent budgets are usually met to a score of 4.07 out of 4. Majority (49%) of the respondents gave a rating score of 4, 33.6% a rating score of 5, 10.9% a score of 3, 3.2% a score of 3, and 3.2% of the respondents rated the effectiveness of county plans in enhancing revenue collection for recurrent budgets to a score of 1 out of 5. On the statement that counties do not lose any revenue and have succeeded in generation of revenue as planned, a majority (38.3%) of the respondents agreed to the existence of this in their counties and 36.8% strongly agreed. Only 15.2% were uncertain, 6.7% in disagreement and 3% in strong disagreement to this. There was in deed, efforts at collecting own source revenue.

4.6.2 Other ways of increasing revenue collection at the county level

The respondents were asked to indicate which other ways would increase revenue collection at the county level. Table 4.10indicates that E-payment was the most recommended way of increasing revenue collection with 17.4% of the total respondents, 13.0% of the respondents said setting targets was one of the major ways of increasing revenue collection, 8.7% enforcement of tax collection, 8.7% transparency among the tax collectors, 4.3% public participation, 4.3% increased staffing, 4.3% giving incentives, 4.3% giving waivers, 4.3% expansion of taxpayer bracket, 4.3% staff rotation, 4.3% performance contracts, 4.3% strict supervision, 4.3% increasing public awareness and 4.3% frequent training on revenue collection.

Table 4.14: Other ways of increasing revenue collection at the county level

	Responses	
	N	**Per cent**
Public Participation	1	4.3%
Increased Staffing	1	4.3%
Service Delivery	1	4.3%
Transparency	2	8.7%
E payment	4	17.4%
Set targets	3	13.0%
Motivate revenue collectors	1	4.3%
Giving waiver	1	4.3%
Expansion of taxpayer bracket	1	4.3%
Giving incentives	1	4.3%
Enforcement	2	8.7%
Staff rotation	1	4.3%
Performance contracts	1	4.3%
Strict supervision	1	4.3%
Increasing public awareness	1	4.3%
Frequent training	1	4.3%
Total	**23**	**100.0%**

4.6.3 Factors influencing poor collection of revenue

The respondents were requested to indicate the factors that amounted to poor collection of revenue within the county. Table 4.115indicates that dishonesty of revenue collection clerks was a major factor resulting to poor revenue collection at 9.3%, 8.9% of respondents said it was poor sensitization on tax payment obligation, 8.1% dishonesty of taxpayers, 8.1% hostile taxpayers, 8. 1% poverty, 7.6% poor collection methods, 7.6% lack of motivation of revenue collection clerks, 7.6% strained economic activities due to non-performing economy, 7.6% lack of people with skills to deal with taxpayers, 7.2% lack of citizen participation in setting tax rates, 6.8% interference by external forces for their interests, 5.5% poor accountability of taxes, 3.8% tax exemption, 3.4% limited tax base, and 0.4% setting high tax leading to tax evasion.

Table 4.15: Factors influencing poor collection of revenue

	Responses	
	N	**Percent**
Lack of citizen participation in setting tax rates	17	7.2%
Poor sensitization on the tax payment obligation	21	8.9%
Lack of motivation for revenue collection clerks	18	7.6%
Poor collection methods	18	7.6%
Dishonesty of some of revenue collection clerks	22	9.3%
Dishonesty of taxpayers	19	8.1%
Hostile taxpayers	19	8.1%
Interference by external forces for their own interests	16	6.8%
Strained economic activities - non-performing businesses	18	7.6%
Poverty	19	8.1%
Tax exemptions	9	3.8%
Limited tax base	8	3.4%
lack of peoples skills to deal with taxpayer	18	7.6%
poor accountability of taxes	13	5.5%
setting high taxes leading to tax evasion	1	0.4%
Total	**236**	**100.0%**

4.7 Other governance frameworks influencing revenue enhancement for devolved governments in Kenya.

4.7.1 Respondents training on revenue collection

The respondents were asked whether they had taken training on revenue collection or not. The results in figure 4.8 showed that majority of the respondents (80%) had undertaken training on revenue collection, while 20% had not. This indicates that regardless of the majority having received training, there is variation as some devolved governments do have untrained revenue clerks. The change in the phenomenon is bound to reflect on the levels of revenue enhancement. Ndunda *et al.* (2015) recommended that county governments needed to increase the competence of revenue clerks and other county officials by attracting skilled and competent employees to increase revenue collection.

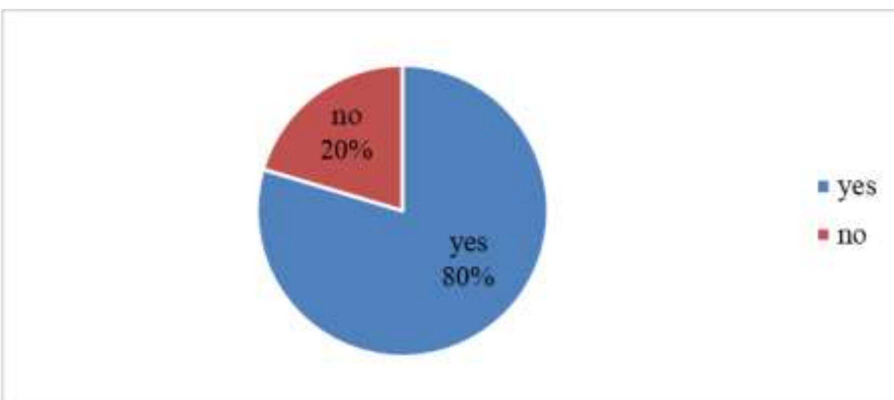


Figure 4.8: Respondents training on revenue collection

4.7.2 Department coordinating the sources of taxes

The respondents were asked to indicate which departments coordinate the sources of the tax collected. From the results presented in Table 4.16, County assembly was found to be the most common department that coordinates tax collection with 43.5% of the respondents, followed by line managers with 25.1%, followed by finance department with 23.6% and finally community *barrazas* with 7.7%. The Constitution also gives the Commission on Revenue Allocation (CRA) the responsibility for assisting county governments in tapping into additional sources of raising their own revenue (CoK article 209 (4, 5)). It is, however, vital for the right department with the right capacity to be involved in the coordination of these sources. Considering this variation in the responses to this question, the reflection of this variation is also expected on the levels of revenue enhancement across the devolved governments.

Table 4.16: Department coordinating the sources of taxes

	Frequency	Percent	Cumulative Percent
Community Barraza's	31	7.7	7.7
Line managers	101	25.1	32.8
County assembly	175	43.5	76.4
Finance	95	23.6	100.0
Total	402	100.0	

4.7.3 Special training on how to deal with taxpayers

The respondents were asked to indicate whether they had undergone any training on how to deal with taxpayers. According to the results in Figure 4.9, 56% of the respondents agreed that the county had specialized training on how to deal with taxpayers, whereas 44% disagreed. This shows that almost 50% of clerks across the devolved governments have not undergone training on how to deal with taxpayers. Units with clerks who receive this kind of specialized training on handling taxpayers are expected to have better results in revenue collection. Empirical literature reveals that maximization of revenue is dependent on how the taxpayers are handled. Awunyo-Vitor and Mbawuni (2015) recommend sending of reminder notices to taxpayers in a period of 2-3 weeks before taxes are due for collection in order to ensure that there are no tax arrears.

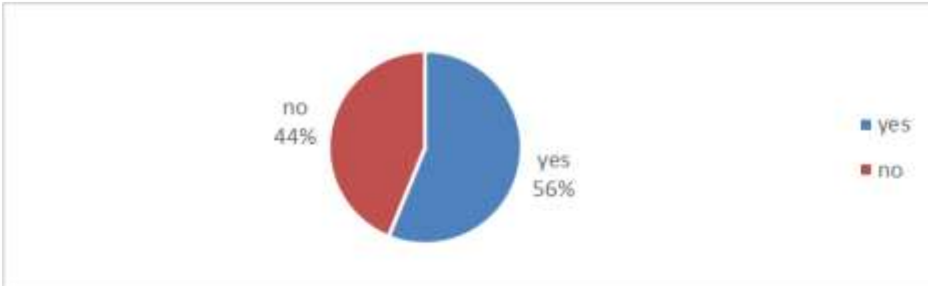


Figure 4.9: Tax Special Training

4.8 The influence of institutional capacity on revenue enhancement

4.8.1 Descriptive statistics of institutional capacity on revenue enhancement

The study sought to assess the situation of institutional capacity across the devolved governments. The construct was assessed via proxy measurements that were formulated in questions that the respondents were asked in relation to the capacity of their institutions. The respondents were asked to state their level of agreement regarding each question as an ordinal measure of each dimension of institutional capacity. The summary statistics for the descriptive analysis of this construct were presented in Table 4.17.

Table 4.17: Descriptive statistics of institutional capacity

Statement	1	2	3	4	5	Mean	SD
My county has clear expectations and principles on how to work	6.5%	4.0%	6.7%	36.6%	46.3%	4.12	1.122
I possess the training and qualifications which relate to the work I do.	1.7%	6.0%	8.0%	43.8%	40.5%	4.15	.927
My supervisor is knowledgeable and supports me in my work	5.5%	3.7%	18.7%	47.0%	25.1%	3.83	1.026
The departmental structure is clear and I know my roles	3.0%	5.2%	8.7%	37.1%	46.0%	4.18	.998
The county deals swiftly with unethical work practices	4.5%	2.7%	8.7%	42.0%	42.0%	4.14	1.001
There are experts who guide on	3.7%	3.2%	7.2%	44.8%	41.0%	4.16	.961

planned programs

The respondents were asked whether the county has clear expectations and principles on how to work, the results indicated that 46.3% of the respondents strongly agreed to this, 36.6% agreed and 6.7% were uncertain. On the other hand, 6.5% strongly disagreed, while 4.0% disagreed. The mean response was 4.12, which is greater than four, implying that on average, the respondents felt that counties had very clear guidelines on revenue collection. On whether respondents felt they possessed the training and qualifications relating to the jobs, 43.8% of the respondents agreed, 40.5% strongly agreed, 8.0% were uncertain and 1.7% strongly disagreed. The mean response to this question (4.15) was also above four which showed that on average, the respondents agreed that when adequate training is offered to county staff, accountability, integrity and transparency among revenue collectors are addressed.

Asked whether their supervisors were knowledgeable and supported them in their work, a majority (47.0%) agreed, 25.1% strongly agreed while 18.7% were uncertain. However, there were other 5.5% of the respondents who strongly disagreed and 3.7% disagreeing. On average, the clerks however considered to be in agreement based on the mean response which was about greater than three and almost equal to 4. The table also shows that the respondents averagely agreed that their departmental structures were clear and they knew their roles. The mean response to this question was 4.18, which is larger than four and is also supported by the majority (46.0%) who strongly agreed and 37.1% of the respondents who also agreed to this. Only 8.7% of the respondents were uncertain, 5.2% in disagreement and 3.0% in strong disagreement.

The majority (42.0%) of respondents were found to be in agreement with the statement that the counties dealt swiftly with unethical work practices. Of the responses received, 42.0% of the respondents strongly agreed, another 42.0% agreed respectively, while 8.7% were uncertain. For those who were in disagreement, 4.5% strongly disagreed and 2.7% disagreed. The results support the mean response of 4.14 which shows that on average, the counties were able to handle unethical practices that existed among them using the laid down procedures. Finally, the respondents were also asked whether technical experts existed within their counties who guide them on planned programs. A majority (44.8%) of the respondents agreed, 41.0% strongly agreed and 7.2% were uncertain. The remaining 3.2% 3.7% and disagreed and strongly disagreed respectively.

The responses on all the sub-dimensions (indicators) of institutional capacity, the average responses were above 3 (uncertainty). This implied that averagely the respondents believe (agree or strongly agree) that the counties have in place or are striving to have in place adequate capacity for revenue collection. From empirical studies, these indicators have been suggested for the improvement of the institutional capacity. Nyongesa (2014) recommended the development of a revenue management capacity by training personnel and establishing proper revenue management mechanisms for the county to provide quality services to the people. Nyongesa also recommended decentralization of ICT based tax collection systems as a way of improving institutional capacity, which was also considered in measuring institutional capacity in this study. Ndunda *et al*. (2015) also gave similar recommendations to the indicators used in this study that county governments needed to increase the competence of revenue clerks and other county officials and attract skilled and competitive employees to optimize revenue collection.

4.8.2 Regression analysis on institutional capacity

The goal of the study was to evaluate the Influence of governance framework on revenue enhancement for devolved governments in Kenya. This was achieved by fitting a regression model for the primary data collected to determine the causal relationships between the governance framework assessed in the study and revenue enhancement. The regression models formed the basis for hypothesis testing that further informed the conclusions drawn on the specific objectives. Bivariate regression models were fitted to assess the direct influences of each governance framework on revenue enhancement, followed by a multiple regression model for assessing the joint effect of the governance framework on revenue enhancement. In each regression model fitted, the R-square was used to determine the explanatory power of the model and the significance of the model tested using Analysis of Variance (ANOVA). The R-square is a measure of the variation in revenue enhancement explained by the variations in predictors in the models fitted. T-tests were carried out on each regression coefficient estimates to determine the significance of each governance framework. The adjusted R-square was also included in the model, which is an adjusted form to the number of predictors in multiple regression models. It is used in comparison to models with the different number of predictor variables included such that if additional variables are useful and significantly improve the model, the Adjusted R-square is bound to improve. However, if additional variables do not improve the model, the Adjusted R-square does not increase and would reduce if additional variables result in over-specification.

The first specific objective of the study was to examine the influence of Institutional capacity on revenue enhancement in devolved governments in Kenya. A simple linear regression analysis was fitted on this influence with revenue enhancement as the dependent variable and the institutional capacity as the predictor variable. The regression analysis results were presented in Tables 4.18, 4.19 and 4.20.

In the model summary Table 4.18, The R and the R-squares are 0.146 and 0.21, respectively. The coefficient of determination shows that the variation in the predictor in this model which is institutional capacity explains up to 21% of the variation in revenue enhancement. The remaining 79% of the variation in revenue enhancement in this one-parameter model is explained by other factors that are not included.

Table 4.18: Model summary Table

Model	R	R Square	Adjusted R Square	Std. error of the Estimate
1	.146[a]	.21	.19	.10212

a. Predictors: (Constant), Institutional Capacity

An ANOVA was carried out for the regression model to assess the levels of variability within the regression model and inform general significance test on the whole model. The results, as presented in Table 4.19, show an F-statistic of 8.753 with a p-value of 0.003. The p-value is less than 0.05, implying that this bivariate regression model of institutional capacity on revenue enhancement is generally significant. This gives a further implication of a significant causal relationship between the predictor in the model (institutional capacity) and the revenue enhancement.

Table 4.19: ANOVA on institutional capacity

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.091	1	.091	8.753	.003[b]
	Residual	4.171	400	.010		
	Total	4.262	401			

a. Dependent Variable: Revenue enhancement

b. Predictors: (Constant), Institutional Capacity

Further to the ANOVA test of model significance, a t-statistic was used to test the significance of the coefficient estimate of institutional capacity in the model (Table 4.20). The results revealed that the institutional capacity has a significant coefficient estimate (β= 0.040, t=2.959, p-value = 0.003). The P-value of the t-statistic to this estimate was less than 0.05, where this implies that the equation generated from this model is significant. The model generated the equation given below;

$$Y = 4.507 + 0.04X_1 + 0.034$$

The model thus indicates that every increase of institutional capacity by 4%, there is a unit increase of revenue enhancement by 100% holding a constant value of 4.507 and a standard error of 0.034

Table 4.20: Model Coefficient table for institutional capacity

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.507	.034		134.307	.000
	Institutional Capacity	.040	.014	.146	2.959	.003

a. Dependent Variable: Revenue enhancement

The results for this bivariate model were used to assess and draw a conclusion on the objective of examining the influence of institutional capacity on revenue enhancement in devolved governments in Kenya.

H_{01}: Institutional capacity does not significantly influence revenue enhancement in devolved governments in Kenya

The p-value of the coefficient of institutional capacity in the model was found to be 0.003, which is less than 0.05. The null hypothesis was therefore rejected and a conclusion drawn that institutional capacity significantly influences revenue enhancement in devolved governments in Kenya.

The F-value obtained is greater than 0.05 (F=8.753>0.05) indicating that the null hypothesis is rejected and the research then concludes that: the Institutional capacity has a significant influence on revenue enhancement in devolved governments in Kenya. From this analysis, the significant coefficient estimate found to be 0.04 implies that increasing the levels of institutional capacity by one unit would result in an increase in revenue enhancement in the devolved unit by 0.04. Building the capacity of institutions devolved within the devolved governments in considerations of dimensions of public service values and principles, staff capacity, leadership and organizational structures would improve revenue collection. Findings from other studies also drew similar inferences. Otieno *et al*. (2013) found a correlation between effectiveness in revenue collection and Information Systems (IS) and efficiency. Another study by Nyongesa (2014) found and recommended, among other factors improved staffing by personnel training as a key to the development of revenue management capabilities that would result in proper revenue management mechanisms.

4.9 Policy Implementation

4.9.1 Descriptive statistics for policy implementation

Another independent construct in this study was the policy implementation. The items (indicators) selected for this construct were also formulated into questions that were measured on an ordinal scale of 5. The respondents were asked to state their level of agreement with questions on policy implementation in devolved governments. The results were presented in Table 4.21.

Table 4.21: Descriptive statistics for policy Implementations

Statement	1	2	3	4	5	Mean	SD
Every activity is defined by the existing county policies	5.7%	3.7%	6.5%	46.5%	37.6%	4.2	2.744
There are clear work plans with regard to revenue collection	1.7%	6.2%	7.7%	49.8%	24.6%	4.03	2.7
Funds have been committed for policy implementation	6.2%	3.0%	9.2%	54.5%	27.1%	4.04	2.241
There are established structures and methods of revenue generation in my section	2.2%	6.2%	14.2%	46.8%	30.6%	3.97	0.948
The department secures support from groups before implementing their action plans.	4.0%	5.0%	14.7%	43.3%	33.1%	4.1	2.74
Every legislation on revenue is executed promptly and effectively by the staff in my department	4.7%	4.2%	7.7%	52.0%	31.3%	4.02	0.985

The results show that for the first question on policy implementation, a majority (46.5%) of the respondents agreed that every county revenue activity was defined by the existing county policies, 37.6% strongly agreed while 6.5% were uncertain. Of the remaining respondents, 5.7% strongly disagreed, whereas 3.7% disagreed. The average response was considered to be of an agreement by the respondents that adequate policies were in deed available as defined by their various Acts from the county assembly. The respondents were also asked whether there were clear work plans with regard to revenue collection. A majority (49.8%) were in agreement, 24.6% strongly agreed and 17.7% were uncertain. Other respondents did not believe this to be the case in their counties. These were 6.2% of the respondents who disagreed and 1.7% who strongly disagreed.

One of the strongest pillars for revenue enhancement is the committal of funds for policy implementation. Asked about this, the majority (54.5%) of the respondents agreed that, 27.1% strongly agreed, 9.2% were uncertain. Only 6.2% were in strong disagreement with the remaining 3.0% also disagreeing. As to whether there were established structures and methods of revenue generation in their section, 46.8% of the respondents agreed, 30.6% strongly agreed, 14.2% were uncertain, 6.2% disagreed and 2.2% strongly disagreed. On average, the respondents agree with this assertion. This is shown by the mean response score of 3.9, which is greater than 3 (uncertainty) and tending towards 4. It was also observed that 43.3% of the respondents agreed that the department secures support from groups before implementing their action plans. There were 33.1% of the respondents who strongly agreed, 14.7% who were uncertain while 5.0% and 4.0% disagreed and strongly disagreed respectively. These translated to a mean response score of 4, implying that on average the respondents affirm that their departments seek the support of groups as per county government guidelines. Finally, for this construct, the respondents were asked whether legislation on revenue was executed promptly and effectively by the staff in the revenue departments. A majority (52.0%) of the respondents agreed to this, 31.3% strongly agreed, and 7.7% were uncertain. The remaining (4.7%) strongly disagreed and 4.2% disagreed. The mean response score for this question was 4.02, which indicated that the clerks' common belief is that their counties executed revenue policies.

The results on the proxy measurements of policy implementation revealed high scores on the levels of formulation and implementation of policies in the devolved governments. On average, respondents agreed with all the positive questions that sought to measure the levels of policy implementation. The same items were also sought as measures of policy implementation in empirical studies. Nyongesa (2014) recommended citizen participation and formation of a tax database which were considered as measures of policies as essentials in revenue collection. Guldentops (2001) also cited the importance of citizen participation while Ndunda *et al.* (2015) recommended increased competence of revenue clerks and also investigated in this construct as critical factors contributing to the optimal collection of revenue. From this descriptive analysis, it was observed that there are varying levels of policy implementation from the various responses. The presence of strong county policies was visible. Further analysis would reveal the effect of these variations on revenue enhancement.

4.9.2 Regression analysis on Policy Implementation

Another simple linear regression analysis was fitted aimed at the realization of the second specific objective which sought to determine the influence of policies governing revenue collection on revenue enhancement in devolved governments in Kenya. Tables 4.12, 4.13 and 4.14 show the results of the bivariate regression analysis between these 2 variables. Table 4.22 presents the model summary with the goodness of fit statistics of the model. The R, which is equivalent to the correlation coefficient between the 2 variables, is 0.211 while the R-square is 0.045. The R-square is a measure which shows that only 4.5% of the variation in revenue enhancement is explained by variations of policy implementation (the predictor) in the model. The remaining 95.5% of the variance on revenue enhancement is explained by other factors that were not considered in this model.

Table 4.22: Model summary table on policy implementation

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.211[a]	.045	.042	.10090

a. Predictors: (Constant), Policy implementation

Table 4.23 presents the ANOVA, which consists of calculations providing information about levels of variability within the regression model. The information on variation due to regression and residuals were used to calculate the F-statistic that was used for testing the general significance of the model. The p-value was of the F-statistic found to be less than 0.05, which implied that the model is significant and the F-value (18.693) is greater than 0.05, indicating that the model is significant.

Table 4.23: ANOVA on policy implementation

Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
1	Regression	.190	1	.190	18.693	.000[b]
	Residual	4.072	400	.010		
	Total	4.262	401			

a. Dependent Variable: Revenue enhancement
b. Predictors: (Constant), Policy implementation

Table 4.24 shows the parameter coefficients of the model fitted. The results in the table include the coefficient estimates and the test statistics for investigating the significance of the estimated coefficients. The results show that "Policy implementation which" was the only predictor in this model had a significant coefficient estimate (β= 0.044, t=4.324, p-value = 0.000) as shown by the p-value which is less than 0.05. The constant term in this model is also significant, implying that the equation has an intercept and does not pass through the origin. The coefficient of policy implementation is the expected change in revenue enhancement due to a unit change in the levels of policy implementation whereby 4.4% change in existing policy would bring about a unit change in revenue enhancement. The intercept in this model is the expected level of revenue enhancement when the levels of policy implementation are perceived to be at zero. The equation generated from the model is given below;

$$Y = 4.542 + 0.044X_2 + 0.016$$

Thus, the results then indicate that in every increase of policy implementation by 4.4%, there shall be an increase of revenue enhancement by 100% holding a constant of 4.542 and a standard error of 0.016.

Table 4.24: Model Coefficient table for policy implementation

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.542	.016		292.444	.000
	Policy implementation	.044	.010	.211	4.324	.000

a. Dependent variable: Revenue enhancement

The analysis thus revealed that policy implementation have a significant coefficient estimate in the model. The model results were used in testing the hypothesis linked to the objective seeking to determine the influence of policy implementation governing revenue collection on revenue enhancement in devolved governments in Kenya.

***H_{02}**: Policy Implementation does not significantly influence revenue enhancement in devolved governments in Kenya*

From the model, the coefficient estimate of policy implementation was found to have a p-value of 0.000, which is less than 0.05. The F-value obtained is greater than 0.05 (F=18.693>0.05) indicating that the null hypothesis is rejected and the research then concludes that: policy implementation have significant influence on revenue enhancement in devolved governments in Kenya. The null hypothesis was thus rejected and a conclusion is drawn that policy implementation significantly influences revenue enhancement in devolved governments in Kenya. A unit positive change in the index of policy implementation is expected to yield a 0.044 increase in the levels of revenue enhancement. The inference drawn from the findings is that the formulation of policies and implementation of policy implementation within the devolved governments play a role in the maximization of revenue.

Further inferences drawn from this analysis are that the dimensions considered as indicators of policies in this study contribute to the levels of revenue enhancement in the units. This is in line with empirical studies that also considered the development and implementation of policies as a governance framework on revenue collection. Marsden (1983) mentioned that change in tax policy affects the economic planning and business activities of a country. A report on revenue collection in Kitui County (2016), recommended a citizen participation policy as one of the factors to consider to realize revenue enhancement. The Public participation policy is also argued out by Common (2007) and (Chiumya, 2014). Public participation in public policy-making and policy implementation also keeps public officials in check (Chiumya, 2014). Common (2007), argued out, the essence of the commitment of public official and political support for successful implementation of public policy is hinged on public participation.

4.10 Regulatory frameworks and revenue enhancement

4.10.1 Descriptive statistics on Regulatory frameworks

Another specific objective of the study was to determine the influence of regulatory frameworks on revenue enhancement in devolved governments in Kenya. The respondents were asked to state their level of agreement with the regards to this particular objective. The results were presented in Table 4.25.

Table 4.25: Descriptive statistics for Regulatory frameworks

Statement	1	2	3	4	5	Mean	SD
There are clear rules that define and support the activities of each section	3.0%	4.0%	5.0%	43.3%	44.8%	4.23	0.936
Citizens are fully involved in our departmental activities through both legal and deliberate means of inclusivity	1.5%	4.7%	7.7%	51.5%	34.6%	4.13	0.855
Acquisition and use of resources are clearly stipulated in our guidelines	3.7%	1.5%	6.2%	35.6%	53.3%	4.33	0.94
The county supports staff in their attempts to implement the	2.5%	3.7%	10.2%	37.1%	46.5%	4.21	0.947

guidelines by the institution							
I am held to account by the existing procedures that define my work	3.0%	3.5%	5.5%	42.5%	45.5%	4.24	0.928

The results in the Table revealed that the respondents agreed that there were clear rules that defined and supported the activities of each revenue collection point. This was indicated by a mean value of 4.23. The majority (44.8%) of the respondents strongly agreed, 43.3% agreed and 5% were uncertain. The other 4% and 3% disagreed, strongly disagreed respectively. Regarding questions as to whether citizens were fully involved in the departmental activities through legal and deliberate means of inclusivity, a majority (51.5%) of the respondents agreed, 34.6% strongly agreed, 7.7% were uncertain 4.7% disagreed and 1.5% strongly disagreed. The respondents on average (mean response of 4.13) agreed that when counties allow citizen involvement in the relevant processes, then revenue collection would increase.

The study also sought to examine whether acquisition and use of resources was clearly stipulated in the county revenue collection guidelines. On this, Majority (53.3%) of the respondents strongly agreed while 35.6% agreed, 6.2% were uncertain, 1.5% disagreed and 3.7% strongly disagreed. The resultant mean response score of 4.33 was observed.

The respondents were also asked whether their counties support staff in their attempts to implement the revenue regulations within the county. A majority (46.5%) of the respondents strongly agreed to this while 37.1% agreed, 10.2% were uncertain, 3.7% disagreed, 2.5% strongly disagreed. Finally, the respondents were expected to confirm or otherwise the assertion that they are held to account by the existing procedures that define their work. The majority (45.5%) of them strongly agreed while 42.5% agreed and 5.5% were uncertain. 3.5% respondents disagreed and another 3% who strongly disagreed to this. This means that 11.5% of these respondents were either not sure about being held accountable or were outrightly not held into account by the counties.

It was observed that all the indicators of existing regulatory frameworks had their average responses above 3 (uncertainty). This implied that averagely, the respondents believe (agree or strongly agree) that the counties are at least striving to observe and adhere to existing regulatory frameworks in the hope of streamlining revenue collection. From empirical studies, these indicators have been suggested for the improvement of the regulatory frameworks. The Kitui county revenue collection report (2016) observed corruption as a challenge to revenue enhancement, among other factors. The Institute of social accountability (2016) also notes the need for staff to be keen on enforcing compliance with corruption regulations. In the Constitution of Kenya (2010), legislative frameworks on revenue collection are formulated and should be adhered to by revenue collection employees. This study measured the levels of adherence to the existing regulatory frameworks to assess its effect on revenue enhancement.

4.10.2 Regression analysis on Regulatory frameworks

The other specific objective sought in this study was to determine the influence of regulatory frameworks on revenue enhancement in devolved governments in Kenya. A bivariate regression model was thus fitted with revenue enhancement as the dependent variable and the regulatory framework as the independent variable. Table 4.26 shows a model summary for this model which comprises of the goodness of fit measurement. The R and R-square are 0.691 and 0.478, respectively. This implies that 47.8% of the variance in revenue enhancement is explained by variations in the existing regulatory framework and 52.2% by other factors not included in this model.

Table 4.26: Model summary table for regulatory frameworks

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.691[a]	.478	.477	.07459

a. Predictors: (Constant), Regulatory frameworks

The ANOVA carried out and presented in Table 4.27 show the information about levels of variability within the regression model and those of the residuals and test for the significance of the model. The results revealed that the model significantly predicted revenue enhancement, F=366.062; p= <0.000. The p-value of the F-statistic is less than 0.05 which implies significance at 5% level and the F-value is also greater than 0.05 testing at 5% significance level using a one-tail test which implies that the model is significant. This further shows that the model and the variance explained by the regression predictor (existing regulatory frameworks) are significant.

Table 4.27: ANOVA on the existing regulatory frameworks

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	2.037	1	2.037	366.062	.000[b]
1	Residual	2.226	400	.006		
	Total	4.262	401			

a. Dependent Variable: Revenue enhancement

b. Predictors: (Constant), Regulatory frameworks

Table 4.28 showed the model coefficient Table. The results revealed that existing regulatory frameworks significantly influence revenue enhancement. This was indicated by the significant coefficient estimate of existing regulatory frameworks (β= 0.884, t= 19.133, p-value = 0.000) at 5% level of significance as shown by the p-value that is less than 0.05. The constant term is also significant; thus, the equation generated from this model does not pass through the origin. The constant term is the expected level of revenue enhancement at zero levels of existing regulatory frameworks as measured in this study. The model equation is given below.

$$Y = 3.165 + 0.884X_3 + 0.075$$

The results indicate that holding a constant of 3.165 and a standard error of 0.075, every increase of regulatory framework by 0.884, there shall be an increase of revenue enhancement by 100%.

Table 4.28: Model Coefficient table for regulatory frameworks

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.165	.075		41.967	.000
	Regulatory frameworks	.884	.046	.691	19.133	.000

a. Dependent Variable: Revenue enhancement

The analysis revealed that when considered as the only predictor; changes in regulatory frameworks within devolved governments influence the extent of revenue collection and maximization. The analysis results were used to test the third study hypothesis that was based on the objective that was to determine the influence of regulatory frameworks on revenue enhancement in devolved governments in Kenya.

H_{03}*: *Regulatory frameworks do not significantly influence revenue enhancement in devolved governments in Kenya.

The coefficient of existing regulatory frameworks in the model was found to have a p-value of 0.000, which is less than the 0.05 level of significance. The F-value obtained is greater than 0.05 ($F=366.062>0.05$) indicating that the null hypothesis is rejected and the research then concludes that: Existing regulatory frameworks has a significant influence on revenue enhancement in devolved governments in Kenya. The study thus rejected the null hypothesis and a conclusion was drawn that existing regulatory frameworks significantly influence revenue enhancement in devolved governments in Kenya. A unit improvement in the existing regulatory frameworks is bound to have an effect on the collection of revenue by 0.884. In order for county governments to maximize revenue, the existing legal structures and frameworks should be improved. A study by Gikandi and Bloor (2010) also inclined to similar results in relation to the adoption of e-commerce. They emphasized the role of Kenya Government in achieving a secure environment for e-banking activities by; putting in place clear laws, rules and regulations and providing relevant technical training to the regulatory authority to empower them to enforce the laws effectively. From this study, it is deduced that the implementation of existing regulations is key to revenue enhancement in the devolved governments. This supports the observations by Ronald (2011) that despite the fact that there are constitutional provisions for statutory allocations and internally generated revenues, local governments are tightly controlled and subordinated by state governments through various mechanisms, including manipulation of the disbursement of financial transfers to them.

4.11 Human Capacity and revenue enhancement

4.11.1 Descriptive statistics of human capacity

The last specific objective of the study was based on the construct measuring human capacity that affect revenue enhancement in devolved governments in Kenya. The study thus sought to first describe the situation regarding the human capacity in the devolved governments through other observable indicators measured on an ordinal scale. The Likert scale was used for the questions that sought to determine the level of agreement of the respondents to the questions on human capacity. The summary statistics of the responses were presented in Table 4.29.

Table 4.29: Descriptive statistics of human capacity

Statement	1	2	3	4	5	Mean	SD
The senior management involves me in their decision making	4.5%	2.5%	13.9%	54.7%	24.4%	3.92	0.939
The working relationships here are cordial.	2.7%	3.2%	6.5%	36.3%	51.2%	4.3	0.93

The department has invested in my growth in the last one year	1.7%	4.0%	5.0%	41.5%	47.8%	4.3	0.87
The management treats all staff fairly and equally	2.2%	4.2%	17.2%	46.0%	30.3%	3.99	0.91
Feedback is provided promptly and without fail	3.0%	2.2%	5.5%	50.7%	38.6%	4.2	0.873

For this construct, the study sought to, firstly, find out whether senior management involved their employees in decision making. A majority (54.7%) of the respondents agreed, 24.4% strongly agreed, 13.9% were uncertain, 2.5% disagreed, 4.5% strongly disagreed. The mean response score of 3.92 indicated that the respondents on average agreed that a reasonable level of discretion in decision making was assigned to county staff. Regarding the question as to whether the working relationships between staff and their supervisors was cordial, 51.2% of the respondents strongly agreed, 36.3% agreed, 6.5% were uncertain, 3.2% disagreed and 2.7% strongly disagreed. The average response was that the respondents agreed that the working relationships were not a course for worry as portrayed by the mean response score of 4.3. As to the statement that the revenue departments had invested in the career growth of their employees in the last one year, majority (47.8%) of the respondents strongly agreed, 41.5% agreed, 5.0% were uncertain, 4.0% disagreed and 1.7% strongly disagreed. On average (mean=4.3), the respondents agreed that they had attended some sort of training that showed them how they were expected to work and improved their skills in the job.

The study also sought to determine whether their seniors treat all staff fairly and equally. A majority (46.0%) of the respondents agreed, 30.3% strongly agreed, 17.2% were uncertain. The other 4.2% and 2.2% disagreed and strongly disagreed respectively. On whether feedback is provided promptly and without fail, most (50.7%) of the respondents agreed that their counties had continuous feedback and briefing on revenue collection patterns, 38.6% strongly agreed, 5.5% were neutral, 3.0% strongly disagreed and 2.2% disagreed. This resulted in a mean response of 4.2.

The items observed as human capacity influencing revenue enhancement have been observed and recommended by other studies. Kayaga (2010) cited the need for experienced personnel while noting that inexperienced and unqualified personnel are heightened by the lack of adequate training facilities and opportunities. Fjeldstad and Haggstad (2012), on the other hand, recommended that measures are required to improve the accountability of revenue collectors and elected officials. Apart from competence, Ndunda *et al*. (2015) also recommend the attraction of skilled and competitive employees for the purpose of increasing revenue collection performance. This study observed high levels of agreement by the revenue clerks to the questions asked indicating high levels of performances in these aspects of human capacity measured. Variation was also noted, thus giving foundation and ground for further analysis on the effects of human capacity on revenue enhancement.

4.11.2 Regression analysis on human capacity

A simple linear regression model was also fitted to assess the objective on establishing the influence of human capacity on the maximization of revenue in devolved governments in Kenya. The results were presented in Table 4.29, 4.15 and 4.16. Table 4.30 is a display of the model summary statistics, which is for the goodness of fit. The R, which shows the level of correlation between the 2 variables, was found to be 0.376 while the variation coefficient (R-square) was 0.142. The results show that the variation in the model predictor (Human capacity) explains up to 14.2% of the variation in Revenue enhancement. The remaining 85.8% of the variation in revenue enhancement in this one-parameter model is explained by other factors that are not included.

Table 4.30: Model summary table for human capacity

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.376[a]	.142	.139	.09564

a. Predictors: (Constant), Human capacity

The ANOVA carried out for the regression model assessed the levels of variability within the regression model and inform of general significance test of the whole model. The results, as presented in Table 4.31, show an F-statistic of 65.965 with a p-value of 0.000. The p-value is less than 0.05, implying that this bivariate regression model of human capacity on revenue enhancement is generally significant. This gives a further implication of a significant causal relationship between the predictor in the model (human capacity) and revenue enhancement.

Table 4.31: ANOVA on human capacity

		ANOVA[a]				
Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
1	Regression	.603	1	.603	65.965	.000[b]
	Residual	3.659	400	.009		
	Total	4.262	401			

a. Dependent Variable: Revenue enhancement
b. Predictors: (Constant), Human capacity

Table 4.32 showed the model coefficient Table. The results revealed that human capacity significantly influence revenue enhancement. This was indicated by the significant coefficient estimate of human capacity (β= 0.449, t=8.122, p-value = 0.000) at 5% level of significance as shown by the p-value that is less than 0.05. The constant term is also significant; thus, the equation generated from this model does not pass through the origin. The constant term is the expected level of revenue enhancement at zero levels of human capacity as measured in this study. The model equation is given below.

$$Y = 3.496 + 0.449X_4 + 0.137$$

The results indicate that holding a constant of 3.496 and a standard error of 0.137, every increase of human capacity by 44.9% would increase revenue enhancement by 100%

Table 4.32: Model coefficient Table for the human capacity

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.496	.137		25.588	.000
	Human capacity	.449	.055	.376	8.122	.000

a. Dependent Variable: Revenue enhancement

The results in this bivariate regression model between human capacity and revenue enhancement informed the hypothesis test and conclusion on the last study objective that sought to establish the causal relationship between the 2 variables.

***H_{04}**: Human capacity does not significantly influence revenue enhancement in devolved governments in Kenya*

The coefficient of Human capacity in this regression model was found to be 0.449 with a p-value of 0.000. The p-value of this coefficient being less than 0.05 led to a rejection of the null hypothesis to conclude that human capacity significantly influences revenue enhancement in devolved governments in Kenya. The F-value obtained is greater than 0.05 (F=65.965>0.05) indicating that the null hypothesis is rejected and the research then concludes that: the Human capacity do have a significantly influence on revenue enhancement in devolved governments in Kenya. Improvement in the dimensions of human capacity assessed in this objective, such as accountability and transparency, employee discipline and acquisition of skills would significantly have a positive impact on the maximization of revenue. It was observed that when counties have continuous staff training programs on revenue collection, revenue collection is enhanced. The results, therefore, indicate that a unit increase in human capacity would increase revenue enhancement by 44.9%.

The findings are in line with theories and past empirical studies. According to Kayaga (2010), new technology alone is not enough unless the government recognizes the need for skilled tax officials. Effective tax administration requires qualified tax personnel with requisite skills and competencies to maintain these systems and operate them to their fullest potential. In this study, the results show that when employees working as revenue collectors are disciplined, then citizen participation and intensity will be realized. The revenue collection report in Kitui county (2016) on the other hand, also recommended minimization of clerks (employees) handling cash to enforce accountability and citizen participation.

4.12 Correlation analysis

This section of the study sought to establish the significance, direction and strength of the linear relationship between revenue enhancement, which is the dependent variable and institutional capacity, policy implementation, regulatory frameworks and human capacity which are the independent variables. This was achieved by performing Pearson's correlation analysis. Pearson's correlation values range from −1 to 1. -1 indicates a perfect negative relationship; 0 indicates that there is no relationship between the variables, while +1 indicates a perfect positive relationship. An absolute Pearson's correlation values of 0.60 to 0.79 indicate strong correlation while those above 0.8 are very strong. Values 0.40 to 0.59 indicate moderate correlation, 0.20 to 0.39 weak correlation and those below 0.20 indicate very weak correlation or linear relationship between the variables (Asuero *et al*., 2006). The sign of the Pearson's correlation coefficient value indicates the direction of the relationship.

The p-value of the correlation coefficient denotes the measure of the significance of the relationship at a desired level of significance. This study tested for a relationship between the variables on either direction at 5% level of significance (α) and 95%

confidence level thus considered a 2-tailed test basing the rejection criteria on a p-value being less than 0.025 ($^{\alpha}/_{2}$). Therefore, Pearson's correlation analysis was performed in this study and the findings were presented in Table 4.33. All the relationships tested in this study yielded significant correlations with p-values less than 0.025. All the independent variables had significant moderate and strong relationships with revenue enhancement. However, the study objectives sought to establish causal relationships that required further analysis to realize. It was, however, also noted that the independent variables also had significant correlations with each other. Very high correlations between independent variables could result in multicollinearity on models estimation; thus, a standard test for multicollinearity was therefore adopted before the variables could be used in regression models.

Table 4.33: Pearson's Correlation analysis

		Revenue enhancement	**Human capacity**	**Institutional Capacity**	**Regulatory frameworks**	**Policy implementation**
Revenue enhancement	Pearson Correlation	1	.376**	.146**	.691**	.211**
	Sig. (2-tailed)		.000	.003	.000	.000
	N		402	402	402	402
Human capacity	Pearson Correlation		1	.276**	.224**	.044
	Sig. (2-tailed)			.000	.000	.001
	N			402	402	402
Institutional Capacity	Pearson Correlation			1	.151**	.404**
	Sig. (2-tailed)				.002	.000
	N				402	402
Regulatory frameworks	Pearson Correlation				1	.104*
	Sig. (2-					.007

	tailed)	
	N	402
Policy implementation	Pearson Correlation	1
	Sig. (2-tailed)	
	N	

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

4.13 Multiple linear regression

A multiple linear regression model was fitted to investigate the joint influence of the Governance framework studied; institutional capacity, policy implementation, existing regulatory frameworks, human capacity on revenue enhancement (the dependent variable). Tables 4.34, 4.3517 and 4.36 show the multiple regression analysis results.

Table 4.34 is summary Table for the multiple regression model which displays the goodness of fit of the model. The R-square in this model was found to be 0.654, which indicates that 65.4% of the variation in revenue enhancement is explained by the variations of the predictors in this model. 34.6% of the variance of revenue enhancement still remains unexplained by the joint effect model but by other factors that are not included in this study. The R-square to the number of predictors (4) in this multiple regression model shows that it is an improvement to all the individual bivariate models between each Governance framework and revenue enhancement. The adjusted R-square in the multiple regression model is larger than all the adjusted R-square values from the bivariate models.

Table 4.34: Model summary table

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.809[a]	.654	.651	.06095

a. Predictors: (Constant), Policy implementation, Human capacity, Regulatory frameworks, Institutional Capacity

An ANOVA was also carried out to test for the significance of the whole model. The ANOVA provides information about levels of variability within the regression model. The results, as shown in Table 4.35, revealed that the model is significant *F*=187.632; *p*= <0.000. This implies that a significant variance in Revenue enhancement is due to the regression components since the F-value obtained is greater than 0.05 testing at 5% significance level using a one-tail test.

Table 4.35: ANOVA on revenue enhancement

ANOVA[a]						
Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
1	Regression	2.788	4	.697	187.632	.000[b]
	Residual	1.475	397	.004		
	Total	4.262	401			

a. Dependent Variable: Revenue enhancement
b. Predictors: (Constant), Policy implementation, Human capacity, Legal Frameworks, Institutional Capacity

Further to the ANOVA which showed that the model is generally significant, implying a joint influence of the governance framework on revenue enhancement, t-tests were carried out on each coefficient estimate. The coefficient estimates Table 4.36 displays each coefficient estimate in the joint model with the T-test statistics. The resulting equation generated from the model is given below.

$$Y = 2.104 + 0.072X_1 + 0.034X_2 + 0.874X_3 + 0.344X_4 + 0.11$$

Table 4.36: Model coefficient summary table

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.104	.110		19.138	.000
	Human capacity	.344	.038	.289	9.060	.000
	Institutional Capacity	.072	.009	.263	7.709	.000
	Regulatory frameworks	.874	.039	.683	22.375	.000
	Policy implementation	.034	.007	.164	4.974	.000

a. Dependent Variable: Revenue enhancement

The results of this multiple regression model in table 4.36 show that the governance framework that were considered in this study jointly influence revenue allocation as shown by the significant value for ANOVA F-statistic that has a p-value of 0.0001 which is less than 0.05 testing at 5% significance level using a one-tail test. All the study variables were found to be significant since their p-values were less than 0.05 testing at 5% significance level using a one-tail test (Sig. <0.05). The study findings indicate that Regulatory frameworks is the main factor that influences revenue enhancement as given by 0.874 coefficients (p 0.000<0.05, t= 22.375) followed by human capacity 0.344 (p 0.000<0.05, t= 9.060), then Institutional Capacity 0.072 (p 0.000<0.05, t=7.709) and finally policy implementation as the least with 0.034 (p 0.000<0.05, t=4.974). The t-values also show the significance of the study since their value is greater than 1.96 for normal distribution at 5% significance level. The study thus indicates that holding the constant factor (2.104) together with the standard error of .110, every increase of Human capacity by 34.4%, Institutional Capacity by 7.2%, Regulatory frameworks by 84.7% and Policy implementation by 3.4%, there shall be a unit increase of Revenue enhancement by 100%.

Table 4.37: Summary of Hypothesis tests

Hypothesis	**Results**	**Conclusion**
H_{01}: Institutional capacity does not significantly influence revenue enhancement in devolved governments in Kenya	Significant coefficient estimate (β= 0.040, t=2.959, p-value = 0.003). The p-value is less than 0.05 implying a significant effect.	Reject H_{01}
H_{02}: Policy implementation do not significantly influence revenue enhancement in devolved governments in Kenya	Significant coefficient estimate (β= 0.044, t=4.324, p-value = 0.000). The p-value is less than 0.05 implying a significant effect.	Reject H_{02}
H_{03}: Existing regulatory frameworks do not significantly influence revenue enhancement in devolved governments in Kenya.	Significant coefficient estimate (β= 0.884, t= 19.133, p-value = 0.000). The p-value is less than 0.05 implying a significant effect.	Reject H_{03}
H_{04}: Human capacity does not significantly influence revenue enhancement in devolved governments in Kenya.	Significant coefficient estimate (β= 0.449, t=8.122, p-value = 0.000). The p-value is less than 0.05 implying a significant effect.	Reject H_{04}

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the research findings, conclusion and recommendations of the study. The conclusions of the study are drawn and recommendations on the governance framework and revenue enhancement are presented. The final section of the chapter suggests areas for further research.

5.2 Summary of findings

The main purpose of the study was to evaluate the role of governance frameworks on revenue enhancement. The objectives that guided the study included examining how institutional capacity, policy implementation, regulatory frameworks and human capacity affect revenue enhancement in devolved governments in Kenya. The study used primary data using questionnaires as the primary data collection tools.

The study used both descriptive and inferential statistics where mean and frequency of responses were used to give the number of occurrences in the study responses. Both regression and correlation analysis indicated that institutional framework, policy implementation, regulatory framework and human capacity had a significant positive relationship with revenue enhancement.

5.2.1 Institutional capacity and revenue enhancement

The study established that when revenue collection staffs adhere to the laid down county codes of conduct then revenue was maximized, and when staff possess the requisite training, accountability, integrity and transparency among revenue collectors are addressed which eventually leads to enhanced revenue enhancement. The study established that revenue is maximized when the county has an efficient and effective organizational structure in place and which is adequately resourced in terms of different revenue collection methods and streams.

The study also confirmed that revenue is optimized where robust and sound internal control systems exist and where there is political goodwill with adequate programs to empower citizens. Finally, staff competency and motivation are also realized in the counties when staffs are empowered and have access to the latest revenue-enhancing and collection technology. This is not the situation in most county governments but should be a priority for any county that seeks to maximize its revenue.

The results for this bivariate model were used to assess and draw a conclusion on the objective of examining the influence of institutional capacity on revenue enhancement in devolved governments in Kenya. Correlation analysis revealed that institutional capacity had a significant moderate and positive relationship with revenue enhancement. The null hypothesis was therefore rejected and a conclusion drawn that institutional capacity significantly influences revenue enhancement in devolved governments in Kenya.

5.2.2 Policy Implementation and revenue enhancement

The study established that majority of staffs were aware of the role they played in the county to ensure there was sufficient revenue collection. It also confirmed that with the enactment of policies that allow citizens to submit their taxes using tax database platforms and through a politically compelled process, the institutions for revenue collection were found to be effective and vibrant. The study also established that government policies and regulations impact the amount of revenue to be collected and the method of collection to be used. The study finally established that the revenue staffs' common belief is that their counties have existing business continuity plans in place. There were, however, limited resources for follow up and implementation of the existing policies.

The study found that the composite variable measure of policy implementation had a significant and positive relationship with revenue enhancement. Model estimation between policy implementation and revenue enhancement yielded a significant coefficient estimate for policy implementation in the bivariate model to imply that policy implementation significantly influenced revenue enhancement. The null hypothesis was thus rejected and a conclusion drawn that policy implementation significantly influence revenue enhancement in devolved governments in Kenya. It should however be noted that of all the predictors, implementation of the existing policies had the least impact on revenue enhancement and less focus should be put on it by county governments.

5.2.3 Regulatory frameworks and revenue enhancement

The results revealed that county governments had developed adequate laws that define and support their activities, and this has enabled them to improve their per capita income as revealed by the study findings. There are deliberate activities that ensure the involvement and participation of citizens. The study established that when all taxpayers and collectors understand existing laws and regulations, there would be increased stakeholder participation. The study also established that revenue collection is optimized with the strengthening of existing structures through automation like the e-sourcing system. Finally, the study established that the counties provide sufficient information on how to carry out the tasks by staff.

The correlation analysis results showed that regulatory frameworks had a significant moderate and positive relationship with revenue enhancement. The study rejected the null hypothesis and a conclusion was drawn that regulatory frameworks significantly influence revenue enhancement. In order for county governments to maximize revenue, the regulatory frameworks should be fully supported.

5.2.4 Human capacity and revenue enhancement

The study established that senior management involved county staff in some of their decision making and that working relationships were largely cordial. However, there were bureaucracies were still evident in their dealings. The results showed that some feedback was provided promptly although there were communication gaps at times. The workload seemed reasonable to many of the staffs.

The p-value of this coefficient is less than 0.05 led to a rejection of the null hypothesis to conclude that human capacity significantly influence revenue enhancement in devolved governments in Kenya. Improvement in the dimensions of human capacity assessed in this objective, such as accountability and transparency, employee discipline and acquisition of skills would significantly have a positive impact on revenue enhancement.

5.3 Conclusions

5.3.1 Institutional capacity

The study concluded that institutional capacity significantly influences revenue enhancement. This conclusion was drawn following the hypothesis test based on the regression model estimated. The null hypothesis was rejected as the p-value of the coefficient of institutional capacity in the regression model was found to be less than 0.05 and a conclusion is drawn at 5% level of significance that institutional capacity has a significant influence on revenue enhancement in devolved governments in Kenya. From the reactions of the majority of the respondents, a lot needs to be done for the devolved governments relating to improving institutional capacity in order to maximize revenue collection. Lack of adherence to the business code of conduct by revenue collection staff leads to poor revenue collection. Some devolved governments do not adequately train their staff in order to enhance accountability, integrity and transparency in the process of revenue collection, which in turn lead to reduced rate of revenue collection. Some devolved governments face the challenge of ineffective and inefficient organization structure specifically within the revenue department bringing to futility the drive to enhance revenue collection.

Building the capacity of institutions devolved within the devolved governments having in mind dimensions of public service values and principles, staff capacity, leadership and organizational structures would improve revenue collection. In certain instances, the lack of adequate internal control system and political goodwill may also hamper revenue enhancement. There is need for improved staffing through personnel training as a key to the development of revenue management capacities that would result in proper revenue management mechanisms.

5.3.2 Policy Implementation

The study concluded that policies governing revenue collection significantly influence revenue enhancement in devolved governments in Kenya. The regression analysis results were used as the basis of hypothesis test where the null hypothesis was rejected and a conclusion drawn those policies governing revenue collection significantly influence revenue enhancement at the county government levels. The responses given indicate that the citizens do not entirely appreciate the role they play in the county to ensure there is sufficient public participation in the county budgeting process, and the institutions for revenue collection is therefore ineffective. The study also concludes that the process employed by the counties in enacting relevant policies for revenue collection is not adequate and has failed to address critical areas.

The study concludes that there are weak government policies and regulations in terms of collection methods and sources of revenue, consequently restricting the amount to be collected in the counties. The study also concluded that there exists lethargy within the line ministry; no metrics and deadlines are given for enhanced revenue collection. Finally, the study concludes that taxable income is not maximized because policies in place do not help county staff charged with the revenue collections to be competent in their work as stipulated in their terms of employment.

5.3.3 Regulatory frameworks

The study concluded that regulatory frameworks influence revenue enhancement at the county government levels. Regression model estimate results were used to test the null hypothesis that existing regulatory frameworks do not significantly influence revenue enhancement in devolved governments in Kenya. Considering the p-value of the coefficient of regulatory frameworks in the model that was found to be less than 0.05, the study rejected the null hypothesis and concluded that existing regulatory frameworks significantly influence revenue enhancement in devolved governments in Kenya. Adequacy of mechanisms such as code of ethics to deal with corruption and cartels are bound to lead to an increase in per capita income resulting in revenue enhancement. The study also concluded that if adequate risk and compliance process is in place then revenue collection would be enhanced. The study established that since most of the taxpayers and collectors did not understand existing laws and regulations, the levels of revenue collection is low and does to meet the expectations. The study also concludes that the existing institutions within counties should take a lead role in strengthening and automating their e-sourcing system to optimize county revenue collection. Finally, the study concluded that employees need to be keen on enforcing compliance especially around corruption regulations and stick to the existing constitution, Acts of both Parliament and County Assembly in the discharge of their duties to improve revenue collection. Legislative frameworks on revenue collection as formulated should also be adhered to by revenue collection employees.

5.3.4 Human Capacity

Finally, the study concludes that human capacity significantly influence revenue enhancement in devolved governments in Kenya; this finding is influenced by the study results from the regression model that the p-value of the coefficient of human capacity was less than 0.05 which informed the rejection of the null hypothesis and concluded that human capacity significantly influence revenue enhancement. The study, however, indicated that some county revenue collectors did not possess the relevant skills, had poor training and education and hence were not able to achieve the revenue targets given to them.

Besides, indiscipline among employees working in devolved governments concerning revenue collection made the revenue collection process less effective with failed targets. The study then concludes that there should be good citizen participation that leads to accountability and transparency in the revenue collection process at the county government levels. Finally, there is a need for experienced personnel while noting that inexperienced and unqualified personnel are heightened by the lack of adequate training facilities and opportunities. There is need for attraction, recruitment and retention of skilled and competitive employees to increase revenue collection performance.

5.4 Recommendations

5.4.1 Institutional capacity

The study recommends that for institutional capacity to have a significant influence on revenue enhancement, there ought to be strict adherence to the ethical code of conduct by revenue collection staffs. The county governments should ensure that the revenue staffs are experienced with adequate training skills in order to enhance accountability, integrity and transparency in the revenue collection process. The study, therefore, recommends that there should be efforts on reforming the existing institutions to focus on revenue enhancement. These existing institutions need to be supported by the county political system through sensitization and public participation to create awareness to the general public on their roles during revenue collection.

Devolved governments should put in place proper revenue organization structure that ensures efficient and effective revenue collection, with adequate resource capacity in terms of advanced revenue collection methods and streams that lead to revenue enhancement. There is need for improved staffing through personnel training as a key to the development of revenue management capacity and capabilities that would result in proper revenue management. The existence of personnel training may lead to staff empowerment and enable them to have access to the latest revenue-enhancing and collection technology. Political goodwill and existence of programs to empower citizens lead to staff competency and motivation. All these, when done, would translate to revenue optimization.

5.4.2 Policy Implementation

The study recommends that relaxed and friendlier government policies and regulations affecting revenue enhancement should be encouraged to expand the amount to be collected. This may be through expanded tax base and additional revenue streams.

The study recommends for full implementation of the existing policies rather than enacting various additional policies without implementation. The study further recommends that the county governments should not operate in a vacuum in spite of the policies. The county government management should be accountable and should have a clear road map for policy implementation with reasonable commitment of funds to facilitate the processes.

5.4.3 Regulatory frameworks

The study recommends that adequate mechanism such as code of ethics should be enacted to support the effort for dealing with corruption and other vices in the county where this is expected to solve the problem of decreasing per capita income. There should be adequate training of taxpayers and collectors on the importance of understanding laws and regulations on stakeholder participation. The existing regulatory frameworks should be strengthened with regards to supporting automation like e-sourcing system for increased county revenue collection. Further, there should be strict adherence to the existing policy frameworks. Every action taken by county staff should be in line with the legal provisions under the county government Act and any contravention of the said legal provisions should be punished. The legal issues related to the revenue collection should be properly addressed in order to ensure maximum revenue collection by the county government.

5.4.4 Human Capacity

On human capacity, the study recommends that the county revenue collectors should be equipped with relevant skills, through training and education that matches their job description since this leads to the achievement of revenue collection targets. There is need to attract, recruit and retain skilled and competitive employees to increase revenue collection performance.

The study recommends that employees working in devolved governments, especially revenue collection departments, should have the required internal discipline and that they should ensure accountability and transparency in the revenue collection process. Finally, there is need for experienced personnel while noting that inexperienced and unqualified personnel are heightened by the lack of adequate training facilities and opportunities. The need to have continuous staff training programs on revenue collection cannot be emphasized enough and this should help in improving revenue collection.

The personnel involved in the revenue collection should be people of high integrity to ensure that the county government funds are not diverted but instead channelled to the county government account as required by law.

5.6 Suggestions for further studies

The study suggests further research on the existing integrated financial management systems that look at the management of local revenues with institutional standards of revenue collection module. The module should accommodate all the local revenue sources linked with the county expenditure since the existing integrated financial management systems only link with the county expenditure but not county revenue.

Besides, a further study should be conducted on factors resulting to the harmonization of county revenue streams and leading to the promotion of principles of efficiency, accountability, transparency, predictability and equity in all the 47 devolved governments in Kenya.

In conclusion, there is an indication of a possible mediation effect by one or more of the other predictors studied. The methodological scope of this study was limited to only evaluating and establishing the governance frameworks on revenue enhancement without exploring mediation relationships between the variables. The researcher, therefore, suggests a study that considers mediation analysis between the variables to further explore this phenomenon of the possible mediation effect by one or more of the other predictors for the joint effect model of the governance framework and considers Observation and Experimenting as a tool for data collection.

REFERENCES

Abiola, J., & Asiweh, M. (2012). Impact of tax administration on government revenue in a developing economy-a case study of Nigeria. *International Journal of Business and Social Science*, *3*(8).

Adams, C. A. (2013). The role of leadership and governance in transformational change towards sustainability. *Global Responsibility*, *9*, 9-12.

Adu-Gyamfi, E. (2014). Effective revenue mobilization by districts assemblies: A case study of Upper Denkyira East Municipal Assembly of Ghana. *Public Policy and Administration Review*, *2*(1), 97-122.

Akitoby, B., Baum, A., Hackney, C., Harrison, O., Primus, K., & Salins, V. (2020). Tax revenue mobilization episodes in developing countries. *Policy Design and Practice*, *3*(1), 1-29.

Akorsu, P. K. (2015). An evaluation of the effectiveness of revenue mobilization in the public sector of Ghana. *International Journal of Economics, Commerce and Management*, *3*(1), 1-16.

Anyumba, G., Bikam, P., & Moffat, F. (2017). Exploring revenue enhancement strategies in rural municipalities: a case of Mutale Municipality. *CIGFARO Journal (Chartered Institute of Government Finance Audit and Risk Officers)*, *17*(4), 20-25.

Arshad, M. A., Masood, M. T., & Amin, G. (2013). Effects of performance appraisal politics on job satisfaction, turnover intention and loyalty to supervisor: Study with reference to the telecom organizations of Pakistan. *International Review of Management and Business Research*, *2*(3), 653.

Asuero, A. G., Sayago, A., & Gonzalez, A. G. (2006). The correlation coefficient: An overview. *Critical reviews in analytical chemistry*, *36*(1), 41-59.

Atakpa, M., Ocheni, S., & Nwankwo, B. C. (2012). Analysis of options for Maximizing Local Government internally generated Revenue in Nigeria. *International journal of learning and Development*, *2*(5), 94-104.

Ataro, P. O., Muturi, W., & Wandera, W. (2016). Factors Affecting Revenue Collection Efficiency in County Governments in Kenya: A Case Study of Trans-Nzoia County. *International journal of Recent Research in Commerce economics and Management*, *3*(2), 85-90.

Awunyo-Vitor, D., &Mbawuni, J. (2015). Drivers of Value Added Tax Flat Rate Scheme Compliance by Traders in Kumasi Metropolis, Ghana. *IUP Journal of Accounting Research & Audit Practices*, *14*(2).

Ayuba, A. J. (2014). Impact of non-oil tax revenue on economic growth: The Nigerian perspective. *International Journal of Finance and Accounting*, *3*(5), 303-309.

Babbie, E. R. (2011). *Introduction to social research*. Wadsworth Cengage learning.

Bahl, R. W., & Smoke, P. J. (Eds.). (2003). *Restructuring local government finance in developing countries: Lessons from South Africa*. Edward Elgar Publishing.

Bass, B. M., Avolio, B. J., Jung, D. I., & Berson, Y. (2003). Predicting unit performance by assessing transformational and transactional leadership. *Journal of applied psychology*, *88*(2), 207.

Beavers, A. S., Lounsbury, J. W., Richards, J. K., Huck, S. W., Skolits, G. J., & Esquivel, S. L. (2013). Practical considerations for using exploratory factor analysis in educational research. *Practical assessment, research & evaluation*, *18*.

Becker, J. M., Ringle, C. M., Sarstedt, M., & Völckner, F. (2015). How collinearity affects mixture regression results. *Marketing Letters*, *26*(4), 643-659.

Bennett, S., Corluka, A., Doherty, J., Tangcharoensathien, V., Patcharanarumol, W., Jesani, A., . & de-Graft Aikins, A. (2011). *Influencing policy change: the experience of health think tanks in low-and middle-income countries. Health policy and planning*, *27*(3), 194-203.

Berman, J., & Smyth, R. (2015). Conceptual frameworks in the doctoral research process: A pedagogical model. Innovations in Education and Teaching International, 52(2), 125-136.

Bianchi, C., Nasi, G., & Rivenbark, W. C. (2021). Implementing collaborative governance: models, experiences, and challenges. *Public Management Review*, *23*(11), 1581-1589.

Biesta, G. (2017). Mixing methods in educational research. *Research methods and methodologies in education*, 159-165.

Bird, Richard M. (2003). *Administrative Dimensions of Tax Reform*. International Tax Program Paper. University of Toronto. Retrieved from http://www.rotman.utoronto.ca/iib/>.

Bird, Richard M., 1992. *Tax Policy and Economic Development*. Baltimore and London: The Johns Hopkins University Press.

Bird, Richard M., 1996. *Why Tax Corporations?* Working paper 96-2. Ottawa: Finance Canada, online: Department of Finance Canada

Blank, M., & Blind, M. (2005). Aptamers as tools for target validation. *Current opinion in chemical biology*, *9*(4), 336-342.

Blokker, P., & Dallago, M. B. (Eds.). (2012). *Youth entrepreneurship and local development in Central and Eastern Europe*. Ashgate Publishing, Ltd.

Boadway, R. W., & Watts, R. L. (2004). *Fiscal federalism in Canada, the USA, and Germany*. Queen's University, Institute of Intergovernmental Relations.

Boadway, R.,& Watts, R.,(2004) *Fiscal Federalism in Canada USA and Germany* Working Paper 2004 (6) © 2004 IIGR, Queen's University

Boex, J. (2011). Fiscal Decentralization in Kenya: A Small Step or Giant Leap?.

Bonoli, G., & Palier, B. (2000). How do welfare states change? Institutions and their impact on the politics of welfare state reform in Western Europe. *European Review* , *8* (3), 333-352.

Brautigam, D., Fjeldstad, O. H., & Moore, M. (Eds.). (2008). *Taxation and state-building in developing countries: Capacity and consent*. Cambridge University Press.

Breusch, T. S., & Pagan, A. R. (1980). The Lagrange multiplier test and its applications to model specification in econometrics. *The review of economic studies*, *47*(1), 239-253.

Bryman, A. (2016). *Social research methods*. Oxford university press.

Burton, L. J., & Mazerolle, S. M. (2011). Survey instrument validity part I: Principles of survey instrument development and validation in athletic training education research. *Athletic Training Education Journal*, *6*(1), 27-35.

Butt, D. (2009). *Rectifying international injustice: Principles of compensation and restitution between nations*. Oxford University Press.

Capoccia, G., & Kelemen, R. D. (2007). The study of critical junctures: Theory, narrative, and counterfactuals in historical institutionalism. *World politics*, *59*(3), 341-369.

Cavaye, A. L. (1996). Case study research: a multi-faceted research approach for IS. *Information systems journal*, *6*(3), 227-242.

Chen, M. (2013). Panel unit root and co-integration tests. *National Chung Hsing University, USA.*

Chen, S., Song, H., & Wu, C. (2021). Human capital investment and firms' industrial emissions: Evidence and mechanism. *Journal of Economic Behavior & Organization*, *182*, 162-184.

Cheng, B. H., de Lemos, R., Giese, H., Inverardi, P., Magee, J., Andersson, J., ... & Serugendo, G. D. M. (2009). Software engineering for self-adaptive systems: A research roadmap. In *Software engineering for self-adaptive systems* (pp. 1-26). Springer, Berlin, Heidelberg.

Chiumya, C. (2006). Counteracting tax evasion in Malawi: An analysis of the methods and a quest for improvement.

Choi, S., Lehto, X. Y., & Morrison, A. M. (2007). Destination image representation on the web: Content analysis of Macau travel related websites. *Tourism management*, *28*(1), 118-129.

Cohen, J., Cohen, P., & Stephen, G. (2003). West, and Leona S. Aiken (2003). *Applied multiple regression/correlation analysis for the behavioural sciences*, *3*.

Collins Odote (2015). *Lessons from failed bid to suspend Makueni*. Business Daily Africa online Opinion and Analysis.

Commission on Revenue Allocation. (2012). *Policy on the Criteria for Identifying Marginalised Areas and Sharing of the Equalization Fund.*

Commission on Revenue Allocation. (204.12.)

Common, M. (2007). Measuring national economic performance without using prices. *Ecological Economics*, *64*(1), 92-102.

Comte, A. (1975). *Auguste Comte and positivism: The essential writings*. Transaction Publishers.

Constitution of Kenya (2010). Article 203 (d) 115 Ibid (g) and (h) 116 Ibid (e), Article 203(2)

Cooksey, R. W., & McDonald, G. (2019). Surviving and thriving in postgraduate research. Springer Singapore.

Cottarelli, C. (2011). Challenges of Budgetary and Financial Crisis in Europe. *presentation at the London School of Economics and Political Science*, *18*.

Cottarelli, C. (2011). Revenue mobilization in developing countries. *International Monetary Fund*, *8*(2011), 8-10.

Council of Governors & 6 others v Senate (2015). Petition No.44.12. of 2014. National Council for Law Reporting. The Attorney General. Retrieved from http:// Kenyalaw.org

County Government of Kitui (2016). Report On Revenue Collection in Kitui County. Clerks Chambers, Assembly Buildings.

CPAK (2014). *Public Finance building blocks for devolution*. A baseline survey on Devolution in Kenya with respect to Finance Management Systems. Retrieved from http://www.cpak.com

CRA (2014). *Commission Revenue Allocation*. Retrieved from http://www.crakenya.information/faqs.

Creswell, J. W. (2015). *30essential skills for the qualitative researcher*. Sage Publications.

Creswell, J. W., & Creswell, J. D. (2017). *Research design: Qualitative, quantitative, and mixed methods approaches*. Sage publications.

Creswell. J. W. (2003). Research Design: Quantitative, Qualitative and Mixed Method approaches, 2nd edition. Carlifornia, Sage

Daily Nation (2014). *Presidency, governors on the spot over devolution*. Retrieved 26 March 2014.

D'Arcy, M., & Cornell, A. (2016). Devolution and corruption in Kenya: Everyone's turn to eat?. *African Affairs*, *115*(459), 246-273.

Delis, D. C., Kramer, J. H., Kaplan, E., & Holdnack, J. (2004). Reliability and validity of the Delis-Kaplan Executive Function System: an update. *Journal of the International Neuropsychological Society*, *10*(2), 301-303.

Denscombe, M. (2008). Communities of practice: A research paradigm for the mixed methods approach. *Journal of mixed methods research*, *2*(3), 270-283.

Denscombe, M. (2014). *The good research guide: for small-scale social research projects*. McGraw-Hill Education (UK).

DePoy, E., & Gitlin, L. N. (2019). *Introduction to research E-book: understanding and applying multiple strategies*. Elsevier Health Sciences.

Dewey, J., & Rogers, M. L. (2012). *The public and its problems: An essay in political inquiry*. Penn State Press.

Dilci, T. (2019). A Study on Validity and Reliability of Digital Addiction Scale for 19 Years or Older. *Universal Journal of Educational Research, 7*(1), 32-39.

DiMaggio, P. J., & Powell, W. W. (1991). Introduction to the new institutionalism. *The new institutionalism in organizational analysis*, 1-38.

Dodgson, J. E. (2017). About research: Qualitative methodologies. *Journal of Human Lactation, 33*(2), 355-358.

Doolin, B. (1996). Alternative views of case research in information systems. *Australasian Journal of Information Systems*, *3*(2).

Dougherty, M. R., Slevc, L. R., & Grand, J. A. (2019). Making research evaluation more transparent: Aligning research philosophy, institutional values, and reporting. *Perspectives on Psychological Science, 14*(3), 361-375.

Eaton, K., Kaiser, K., & Smoke, P. (2010). The Political Economy of Decentralization Reforms: Implications for Aid. *World Bank, Washington DC.*

Ebel, R. D. (2005). Subnational tax policy and administration in developing economies.

Eden, S. (2009). The work of environmental governance networks: traceability, credibility and certification by the Forest Stewardship Council. *Geoforum*, *40*(3), 383-394.

Eden, S. (2009). The work of environmental governance networks: traceability, credibility and certification by the Forest Stewardship Council. *Geoforum*, *40*(3), 383-394.

Edgar, Tim and Daniel Sandler. 2005. *Materials on Canadian Income Tax*. Toronto: Thomson Canada Ltd.

Eissen, J., and M. Heijden. "Controlling Salmonella via the drinking water." *World Poultry*, *26*(1), 12-14.

Elachi, B (2014). *The rationalisation is a touchy subject, and we'd all do well to leave politics out of it*. *Daily Nation Online Opinion.*

Ellawule, A. (2018). Effect of Tax Evasion on Economic Development of Yobe State, Nigeria. *J Account Mark*, *7*(262), 2.

Engel, R. J., & Schutt, R. K. (2009). Single-subject design. *The practice of research in social work, 206247*.

Enodien, B., Taha-Mehlitz, S., Bachmann, M., Staartjes, V. E., Gripp, M., Staudner, T., ... & Frey, D. (2021, July). Analysis of factors relevant to revenue enhancement in hernia interventions (SwissDRG G09). *Healthcare*, *9*(7), 862

Ewa, E. U., & Udoayang, J. O. (2012). The Impact of Internal Control Design on Banks‟ Ability to Investigate Staff Fraud, and Life Style and Fraud Detection in Nigeria. *International Journal of Research in Economics & Social Sciences*, *2*(2), 32-43.

Falleti, T. G. (2004+). *A sequential theory of decentralization and its effects on the intergovernmental balance of power:* Latin American cases in comparative perspective.

Fambon, Samuel. (2006). *Taxation in Developing Countries: Case Study of Cameroon*. Research Paper No. 2006/02. Helsinki: World Institute for Development Economics Research, Retrieved from http://www.wider.unu.edu/publications/ rps/rps2006/rp2006-02.pdf ->.

Fan, C. S., Lin, C., & Treisman, D. (2009). Political decentralization and corruption: Evidence from around the world. *Journal of Public Economics*, *93*(1-2), 14-34.

Finnis, J. (1980). Natural rights and natural law.

Finnis, J. (2011). The Collected Essays of John Finnis: Volumes IV.

Fjeldstad, O. H., & Heggstad, K. (2012). Local government revenue mobilisation in Anglophone Africa.

Fjeldstad, O. H., Ali, M., & Katera, L. (2019). Policy implementation under stress: Central-local government relations in property tax administration in Tanzania. *Journal of Financial Management of Property and Construction*.

Fleming, K., & Millar, C. (2019). Leadership capacity in an era of change: the new-normal leader. *Journal of organizational change management*.

Fofana, Y. (204.12.). Determinants of tax burden in Cote d'voire (Doctoral dissertation).

Fornell, C., & Larcker, D. F. (1981). Structural equation models with unobservable variables and measurement error: Algebra and statistics.

Fornell, Claes, & Larcker. David F. (1981) Structural equation models with unobservable variables and measurement error. *Algebra and statistics, 382*

Franken, W. P., Timmermans, J. F., Prins, C., Slootman, E. J. H., Dreverman, J., Bruins, H., ... & Arend, S. M. (2007). Comparison of Mantoux and QuantiFERON TB Gold tests for diagnosis of latent tuberculosis infection in Army personnel. *Clin. Vaccine Immunol.*, *14*(4), 477-480.

Franklin, B. (2012). The future of journalism: Developments and debates.

Frynas, J. G., & Paulo, M. (2007). A new scramble for African oil? Historical, political, and business perspectives. *African affairs*, *106*(423), 229-251.

Fukuda-Parr, S., & Lopes, C. (2013). *Capacity for development: new solutions to old problems*. Routledge.

Gabriel, Lubale (2012). *An Introduction to the County Governments of Kenya*. Retrieved from http://gabriellubale.com.

Gaertner, S. L., Mann, J. A., Dovidio, J. F., Murrell, A. J., & Pomare, M. (1990). How does cooperation reduce intergroup bias?. *Journal of Personality and Social Psychology*, *59*(4), 692.

Galli, B. J. (2019). Comparison of Change Management Models: Similarities, Differences, and Which Is Most Effective?. In *R&D Management in the Knowledge Era* (pp. 605-624). Springer, Cham.

Gatamah, K. (2004). Corporate Governance and Erhics. In *The Fourth Annual Conference of BEN-Africa. Stone Town. Zanzibar*.

Gicho, D. N. (2018). Revenue collection systems and revenue collection levels in lands, housing and physical planning department at Kiambu County (Doctoral dissertation, University of Nairobi).

Gidisu, T. E. (2012). Automation system procedure of the Ghana revenue authority on the effectiveness of revenue collection: A Case Study of Customs Division. Unpublished MBA Thesis, Kwame Nkrumah University of Science and Technology.

Gikandi, J. W., & Bloor, C. (2010). Adoption and effectiveness of electronic banking in Kenya. *Electronic commerce research and applications*, *9*(4), 277-282.

Givens, R. J. (2008). Transformational leadership: The impact on organizational and personal outcomes. *Emerging leadership journeys*, *1*(1), 4-24.

Glicken, M. D. (2003). *Social research: A simple guide*. Pearson College Division.

Glicken, M. D. (2003). *Social research: A simple guide*. Pearson College Division.

Goel, S. L. (2007). *Right to information and good governance*. Deep and Deep Publications.

GOK (2010). *The Constitution of Kenya. Kenya law reports.* Retrieved from http://www.kenyalaw.org.

Graham, J. W., & Van, Dyne, L. (2006). Gathering information and exercising influence: Two forms of civic virtue organizational citizenship behaviour. *Employee Responsibilities and Rights Journal*, *18*(2), 89-109.

Gujarati, D. N. (2007). Sangeetha (2007) Basic Econometrics. *Tata McGraw Hill Publishing Company Limited, New Delhi*, *110*(008), 451-452.

Guldentops, E. (2001, November). Governing Information Technology Through C obi T. In *Working Conference on Integrity and Internal Control in Information Systems* (pp. 115-159). Springer, Boston, MA.

Marsden, P. V. (1983). Restricted access in networks and models of power. *American Journal of Sociology*, *88*(4), 686-717.

Haacker, Markus. 2004. *The Macroeconomics of HIV/AIDS*. Washington: International Monetary Fund Publication Services.

Hammersley, M. (1992). *Deconstructing the Qualitative–Quantitative Divide*. In Julia Branned (ed) Mixing Methods: Qualitative & Quantitative Research, (pp 39-55). Brookfield Avebury.

Hankla, C. R. (2008). When is fiscal decentralization good for governance?. *Publius: The Journal of Federalism*, *39*(4), 632-650.

Hannah, N. (2013.). *The Effect of Internal Controls on Revenue Generation: A Case Study of the University of Nairobi Enterprise and Services Limited*.

Hansen, R. (2002). Globalization, embedded realism, and path dependence: The other immigrants to Europe. *Comparative Political Studies*, *35*(3), 259-283.

Hensher, D. A. (2021). Regulatory Frameworks in public transport including tendering. In *The Routledge Handbook of Public Transport* (pp. 3-20). Routledge.

Hensher, D. A., & Stopher, P. R. (2021). Behavioural travel modelling. In Behavioural travel modelling (pp. 11-52). Routledge.

Hernandez-Perdomo, E., Guney, Y., & Rocco, C. M. (2019). A reliability model for assessing corporate governance using machine learning techniques. *Reliability Engineering & System Safety*, *185*, 220-231.

Hirose, M., & Creswell, J. W. (2023). Applying core quality criteria of mixed methods research to an empirical study. *Journal of Mixed Methods Research*, *17*(1), 12-28.

Horan, J. (2014). Leadership Review. In *How Asian Women Lead* (pp. 101-119). Palgrave Macmillan, New York.

Ibrahim, Y. M., Hami, N., & Abdulameer, S. S. (2020). A scale for measuring sustainable manufacturing practices and sustainability performance: Validity and reliability. *Quality Innovation Prosperity*, *24*(2), 59-74.

IMF Fiscal Affairs Department (1989). *Tax administration in developing countries*: Strategies and tools of Implementation. Washington, D.C.: The World Bank Online.

Institute of economic affairs (2012). *The budget focus and publication of the IEA budget information Programme.*

Jacobs, C., Rivett, U., & Chemisto, M. (2019). Developing capacity through co-design: The case of two municipalities in rural South Africa. *Information Technology for Development*, *25*(2), 204-226.

Bigambo, Javas (2012). *County Governments and the Challenges of Revenue Allocation: Perspectives on Efficiency, Service Delivery and Resource Distribution*. Retrieved from http://bigambowordpress.com/2012/07/20.

Jiang, J. (2010). *Large sample techniques for statistics*. Springer Science & Business Media.)

Jiang, J. (2010). *Large sample techniques for statistics*. Springer Science & Business Media.)

Momanyi, Job Nyasimi (2009) eKLR, Constitutional Application 68 of 2009 in the High Court in Kisii before Justice David Musinga. National Council for Law Reporting. The Attorney General.

Justus Kariuki Mate & another v Martin Nyaga Wambora & another (2014) eKLR. Civil Application No. Nyr. 8 of 2014 (UR 6/2014). National Council for Law Reporting. The Attorney General.

Kamolo, J. (2014). Machakos automates tax collection.

Kangave, Jalia. (2004). *Improving Tax Administration: A Case Study of the Uganda Revenue Authority*. LL.M. Thesis. Kingston: Queen's University, Faculty of Law.

Kangave, Jalia. (2005). *Improving Tax Administration: A Case study of the Uganda Revenue Authority*. *Journal of African Law, 49*(2), 145.

Kaplan, R. S., Kaplan, R. E., Norton, D. P., Davenport, T. H., & Norton, D. P. (2004). *Strategy maps: Converting intangible assets into tangible outcomes*. Harvard Business Press.

Kasozi, S. M., Kayise, C., & Kirabo, K. B. J. (2013). Institutional capacity and local revenue generation in Nakasongola Town Council.

Katsiaouni, O. (2003). *Decentralization and Poverty Reduction: Does it Work?*. United Nations public administration network (UNPAN).

Khouja, M., & Liu, X. (2021). A price adjustment policy for maximizing revenue and countering strategic consumer behavior. *International Journal of Production Economics*, *236*, 108116.

Kinyanjui, K. E., & Kahonge, A. M. (2013). Mobile Phone–Based Parking System. *International Journal of Information Technology, Control and Automation (IJITCA)*, *3*(1), 23-37.

Kiplagat, J. (204.12.). Senators Reject Move to Disband Transition Authority. *Daily Nation.* Retrieved from http://mobile.nation.co.ke/News/Senators-reject-proposal-to-disband-Transition-Authority/-/

Kirira, N. (2011). *Public Finance under Kenya's new Constitution* (Working paper No. 5) Society for International Development Working Paper. Retrieved from http://www.sidint.net/docs/WP5.pdf

Kline, R. B. (2011). *The convergence of structural equation modelling and multilevel modelling*.

Koehler, J., Thomson, P., & Hope, R. (2015). Pump-priming payments for sustainable water services in rural Africa. *World Development*, *74*, 397-411.

Kondo, E. M. (2015). *The effect of revenue enhancement strategies on financial performance of Kenya revenue authority* (Doctoral dissertation, University of Nairobi).

Kondo, E. M. (2015). *The effect of revenue enhancement strategies on financial performance of Kenya revenue authority* (Doctoral dissertation, University of Nairobi).

Kothari, C. R. (2004). *Research methodology: Methods and techniques*. New Age International.

Kothari, S., Phan, J. H., Stokes, T. H., & Wang, M. D. (2013). *Pathology imaging informatics for quantitative analysis of whole-slide images. Journal of the American Medical Informatics Association, 20*(6), 1099-1108.

Kpunden, Sahr J. "Political Will in Fighting Corruption. Retrieved from http;//mirror.undp.org/magnet/Docs/efa/corruption/chapters06.pdf.

Kuh, E. (1959). The validity of cross-sectionally estimated behavior equations in time series applications. *Econometrica: Journal of the Econometric Society*, 197-214.

Lakin, J and Kinuthia, J (204.12.). *Fair Play: Inequality Across Kenya's Counties and What It Means for Revenue Sharing*. International Budget Partnership Kenya

Law, K. (2010). The Constitution of Kenya (2010). *Retrieved from*.

Lee, M. (2014). Transformational leadership: is it time for a recall?. *International journal of management and applied research*, *1*(1), 17-29.

Levin, M. (1991). The reification-realism-positivism controversy in macromarketing: A philosopher's view. *Journal of Macromarketing*, *11*(1), 57-65.

Lewin, K. (1940). Formalization and progress in psychology. *University of Iowa studies in child welfare*, *16*(3), 9-42.

Lillian, G. O., Mathooko, P., & Sitati, N. (2011). The effects of performance appraisal system on civil servants. In *Kabarak University First International Conference,(pp: 1-17).*

Litvack, J. I., Ahmad, J., & Bird, R. M. (1998). *Rethinking decentralization in developing countries*. World Bank Publications.

Ma, J., Pagán, J. A., Chu, Y., & Soydemir, G. (2012). Revenue enhancement through mergers and acquisitions: wealth effects of method of payment. *International Journal of Revenue Management*, *6*(3-4), 274-290.

Maddala, G. S., & Wu, S. (1999). A comparative study of unit root tests with panel data and a new simple test. *Oxford Bulletin of Economics and statistics*, *61*(S1), 631-652.

Madegwa, B. L., Makokha, E. N., & Namusonge, G. (2018). Effects of automation of revenue collection on the performance of county government: A case study of Trans Nzoia, County Government. Kenya. *European Journal of Business and Management*, *10*(11), 118-124.

Maina, E. A. (2010). survey on impact of ICT on Business Value Creation in Kenya Ban King Sector. *Unpublished MBA project, University of Nairobi*.

Marcus, R. R., & Onjala, J. (2008). Exit the state: decentralization and the need for local social, political, and economic considerations in water resource allocation in Madagascar and Kenya. *Journal of Human Development*, *9*(1), 23-45.

Marshall, C. &Rossman G.B (1989). *Designing Qualitative Research*: Beverly Hills, CA: Sage Publishers.

Martin Nyaga Wambora County Government of Embu v Speaker, County Assembly of Embu & 4 others (2014) eKLR. Petition No. 1 OF 2014. National Council for Law Reporting. The Attorney General.

Mathew, J. M. (2014). Effects of an Integrated Revenue Collection System and Challenges Facing its Implementation in Machakos County(Doctoral Dissertation, School of Business, University of Nairobi).

Metzger, A., Franklin, R., & Engel, Y. (2012, July). Predictive monitoring of heterogeneous service-oriented business networks: The transport and logistics case. In *2012 Annual SRII Global Conference* (pp. 313-322)

Mgonja, M. G., & Poncian, J. (2019). Managing revenue collection outsourcing in Tanzania's local government authorities: a case study of Iringa Municipal Council. *Local Government Studies*, *45*(1), 101-123.

Mohamad, M. T., Sulaiman, A. A., & Achour, M. (2020). Exposure to interbank investment and financing risk by Islamic banks: a dynamic panel analysis of Malaysia. *International Journal of Islamic and Middle Eastern Finance and Management*.

Mohammed, D. N., & Muturi, W. (2018). Factors Affecting Revenue Collection Efficiency in County Governments; a Case of Kisii County, Kenya. *International Journal of Social Sciences and Information Technology*, *4*(9), 196-205.

Morse, J. M. (2000). Determining sample size.)

Muema, P. K. (2014). Strategies Adopted by Oil Marketing Firms in Kenya to Remain Competitive. *Unpublished MBA Project, School of Business, University of Nairobi*.

Mugabi, J., Kayaga, S., Smout, I., & Njiru, C. (2010). Determinants of customer decisions to pay utility water bills promptly. *Water Policy*, *12*(2), 220-236.

Mugenda, O. M., & Mugenda, G. A. (2013). Research methodology sample for social researches.

Mugenda, O. M., & Mugenda, M. AG (2003). *Research Methods: Quantitative and Qualitative Approaches, Nairobi: African Centre Technology Studies press (ACTS)*.

Muhaki, M. (2019). *Studi Fiqh Siyisah terhadap Putusan Judicial Review Mahkamah Konstitusi atas Pasal 214 UU 10/2008 tentang Pemilu* (Doctoral dissertation, IAIN Sunan Ampel Surabaya).

Mundlak, Y. (1961). Empirical production function free of management bias. *Journal of Farm Economics*, *43*(1), 44-56.

Murimi, M., Wadongo, B., & Olielo, T. (2021). Revenue Management Practices and their Impacts on Financial Performance of Star-Rated Hotels in Kenya. *International Journal of Business Strategy and Social Sciences*, *4*(1), 14-28.

Murkommen, K (2014). *Why the referendum debate is founded on distorted understanding of devolution*. Daily Nation Online Opinion. Retrieved October 12, 2014.

Mutegi, H. K., Njeru, P. W., & Ongesa, N. T. (2015). Financial literacy and its impact on loan repayment by small and medium entrepreneurs.

Mwenda, A. K. (2010). Economic and administrative implications of the devolution framework established by the constitution of Kenya.

Myers, R. H., & Myers, R. H. (1990). *Classical and modern regression with applications* (Vol. 2). Belmont, CA: Duxbury Press.

Nakandi, H., Kirabo, M., Semugabo, C., Kittengo, A., Kitayimbwa, P., Kalungi, S., & Maena, J. (2013). Knowledge, attitudes and practices of Ugandan men regarding prostate cancer. *African Journal of Urology, 19*(4), 165-170.

Namaliya, N. G. (2017). *Strategies for Maximizing Revenue Collection in Public Water Utility Companies* (Doctoral dissertation, Walden University).

Namaliya, N. G. (2017). *Strategies for Maximizing Revenue Collection in Public Water Utility Companies* (Doctoral dissertation, Walden University).

Nassiuma, D. K. (2000). Survey sampling. *Theory and methods, 10*(1), 59-63.

National Taxpayers Association (2012.). *Budget Transparency and Citizen Participation in Counties in Kenya*.

Ndegwa, S. N. (2002). *Decentralization in Africa: A stocktaking survey*. World Bank, Africa Region.

Ndonga, I. K. (2014). *Effects of government spending on economic growth in Kenya* (Doctoral dissertation, University of Nairobi).

Ndunda, J., Ngahu, S., & Wanyoike, D. (2015). Analysis of Factors Influencing Optimal Revenue Collection by County Governments in Kenya. *International Journal of Economics, Commerce and Management*, *3*(5), 1114-1129.

Ndungu, H. (2013). *The effect of internal controls on revenue generation: A case study of the University of Nairobi Enterprise and Services Limited* (Doctoral dissertation, University of Nairobi).

Nerlove, M., & Balestra, P. (1996). Formulation and estimation of econometric models for panel data. In *The econometrics of panel data* (pp. 3-22). Springer, Dordrecht.

Netemeyer, R. G., Bearden, W. O., & Sharma, S. (2003). *Scaling procedures: Issues and applications*. Sage Publications.

Ngugi J.N (2016). Factors Influencing Optimal Revenue Collection in County Governments in Kenya. A Case Study of Kiambu County Government. *International Journal of Innovations, Business and Management, 10*(4). Retrieved from http://www.arkssonline.org

Nickell, S. (1981). Biases in dynamic models with fixed effects. *Econometrica: Journal of the Econometric Society*, 1417-1426.

Nordin, N., Deros, B. M., Wahab, D. A., & Rahman, M. N. A. (2012). A framework for organisational change management in lean manufacturing implementation. *International Journal of Services and Operations Management*, *12*(1), 101-117.

Nyanjom, O (2011). *Devolution in Kenya's new Constitution.* Constitution Working Paper Series No 4. Society for International Development, SID.

Nyongesa, N. M. (2014). Strategies Adopted By The County Government Of Mombasa In Raising Revenue. *Unpublished MBA Research Project, Nairobi: University Of Nairobi*.

Obala, R. (204.12.). CIC, Governors want TA Disbanded. *Standard Digital* Accessed on 23rd October 2014

Odoyo, Collins Otien, Oginda Moses, Mark Obura John, Fredrick O. Aila, Patrick B. Ojera, and Elijah M. Siringi. "Effect of information systems on revenue collection by local authorities in Homa Bay County, Kenya. *Universal Journal of Accounting and Finance*, *1*(1), 29-33.

Ogutu, S. O., Okello, J. J., & Otieno, D. J. (2014). Impact of information and communication technology-based market information services on smallholder farm input use and productivity: The case of Kenya. *World Development*, *64*, 311-321.

Oloo, J. O. (2016). *Government structural change on improvement of economic welfare of communities in Butula, Busia* (Doctoral dissertation, University of Nairobi).

Ouma, S A (2011). *Challenges of Nationhood: Identities, citizenship and belonging under Kenya's new Constitution*. Constitution Working Paper Series No Society for International Development, SID.

Oyinlola, M. A., & Adedeji, A. A. (2022). Tax structure, human capital, and inclusive growth: A sub-Saharan Africa perspective. *Journal of Public Affairs*, *22*(4), e2670.

Palier, B., & Bonoli, G. (1999). Phénomènes de" path dependence" et réformes des systèmes de protection sociale. *Revue française de science politique*, 399-420.

Pashev, G. P. (2014). Kalman filter for measuring the frequency of high-stability oscillators using signals from satellite navigation systems. *Measurement Techniques*, *56*(12), 1397-1400.

Patrick Otwani, Ataro, Dr. Willy Muturi, Robert Wandera (2016). Factors Affecting Revenue Collection Efficiency in County Governments in Kenya. A case study of Trans- Nzoia County. *International Journal of Recent Research in Commerce, Economics & Management*. 3(2), 85-90. Retrieved from http://www.paperpublications.org

Patton, M. Q. (1980). Qualitative evaluation methods.

Patton, M. Q. (1980). Qualitative evaluation methods.

Pierson, P. (2000). Increasing returns, path dependence, and the study of politics. *American political science review*, *94*(2), 251-267.

Playford, C. J., Gayle, V., Connelly, R., & Gray, A. J. (2016). Administrative, social science data: The challenge of reproducible research. *Big Data & Society*, *3*(2), 2053951716684143.

Press Release (204.12.). *CDF Act is Unconstitutional*. Retrieved from http://www.cickenya.org/index.php/newsroom/press-releases/item/308-constituencies-development-fund-cdf-act-204.12.-is-unconstitutional #.UiTENtJmim4

Preston Chitere, Ludeki Chweya, Japhet Masya, Arne Tostensen, Kamotho Waiganjo (2006). *Kenya Constitutional Documents: A Comparative Analysis.*

Prichard, W. (2010). Taxation and state building: Towards a governance focused tax reform agenda. *IDS Working Papers*, *341*, 01-55.

Purity K. Mburugu & Dr. Mouni Gekera (2016). Determinants influencing revenue collection on the performance of Kenya Revenue Authority. *Strategic Journal of Businesses & change Management, 3(1),* 4-12.. Retrieved from *http://*www.strategic journals.com

Riaga F., (2012). *Enhancing Professionalism in Kenya. ICPAK's position on the Formula for Revenue Allocation*.

Riazi, A. M. (2017). *Mixed methods research in language teaching and learning*. Equinox Publishing.

Rousson, V., Gasser, T. and Seifert, B. (2002) Assessing Intrarater, Interrater and Test-Retest Reliability of Continuous Measurements. *Statistics in Medicine, 21*, 3431-3446.

Saideman, S. M. (2012). *The ties that divide: Ethnic politics, foreign policy, and international conflict*. Columbia University Press.

Sakyi, E. K. (204.12.). A critical review of the theoretical objectives and practical experiences of decentralization from the perspective of developing African countries. *Journal of African & Asian Local Government Studies, 2*(3).

Sandelowski, M. (1995). Sample size in qualitative research. *Research in nursing & health*, *18*(2), 179-183.

Sander, C. (2003). Less is more: Better compliance and increased revenues by streamlining business registration in Uganda.

Sanusi, A., Irianto, S. Y., & Sumiyati, L. (2019). Model of the empowerment of governance based on the human resource management for supply chains in higher education. *Internafional Journal of Supply Chain Management*, *8*(6), 671-680.

Saunders, M., Lewis, P., & Thornhill, A. (2007). Research methods for business. *London: Pitman*, 124-126.

Saunders, M., Lewis, P., & Thornhill, A. (2007). Research methods for business studies. *Second Impression, Dorling Kindersley (India) Pvt Ltd*.

Saunders, M., Lewis, P., & Thornhill, A. (2009). Research methods for business students. Essex. *Financial Times/Prentice Hall*, 1-2.

Saunders, M., Lewis, P., & Thornhill, A. (2012). Research methods for business students (6. utg.). *Harlow: Pearson*.

Schutt, R. K. (2011). Research methods in education.

Scotland, J. (2012). Exploring the philosophical underpinnings of research: Relating ontology and epistemology to the methodology and methods of the scientific, interpretive, and critical research paradigms. *English language teaching, 5*(9), 9-16.

Sefotho, M. M. (2015). A researcher's dilemma: Philosophy in crafting dissertations and theses. *Journal of Social Sciences*, *42*(1-2), 23-36.

Sekaran, U., & Bougie, R. (2016). *Research methods for business: A skill building approach*. John Wiley & Sons.

Sekaran, U., &Bougie, R. (2010). Research for Business–A Skill Building Approach.

Shirey, M. R. (2013). Lewin's theory of planned change as a strategic resource. *JONA: The Journal of Nursing Administration*, *43*(2), 69-72.

Silverman, D. (2016). Introducing qualitative research. *Qualitative research*, 3-14.

Simiyu, D. A. V. I. D. (2010). Challenges affecting collection of turnover tax in Nairobi County–Kenya. *MBA thesis. Kenyatta University, Kenya*.

Simmons, G., Armstrong, G. A., & Durkin, M. G. (2011). An exploration of small business website optimization: enablers, influencers and an assessment approach. *International Small Business Journal*, *29*(5), 534-561.

Simon Ndonga (2014). Nairobi Parking Fees Goes Cashless.

Sims, R. R. (2011). Teaching business ethics via dialogue and conversation.

Standard Media, (2014). *Counties fail to meet targets in revenue collection.*

Nendela, S.(2014). eKLR. National Council for Law Reporting. The Attorney General.

Tang, K. N. (2019). Change management. In *Leadership and Change Management* (pp. 47-55). Springer, Singapore.

Taube, Gunther and Helaway Tadesse. 1996. *Presumptive Taxation in Sub-Saharan Africa: Experiences and Prospects*. Working Paper WP/96/5. Paris: IMF, African Department

Thapa, A., Cohen, J., Guffey, S., & Higgins-D'Alessandro, A. (2013). A review of school climate research. *Review of educational research*, *83*(3), 357-385.

The Constitution of Kenya (2010). National Council for Law Reporting. The Attorney General. The Fourth Schedule - Distribution of Functions between the National Government and the County Governments, Part 2 - County Governments explains in-depth the devolved functions as:

The star online (2014). *Mombasa MCAs support Joho on devolving port*. *The Star online May 16, 201*4.

The Intergovernmental Relations Act (2012). National Council for Law Reporting. The Attorney General.

Torome, P. K. (2013). Relationship between revenue mobilization and performance of local authorities in Kenya. *MBA project, University of Nairobi, Nairobi Kenya*.

Transition to Devolved Government Act (2012). National Council for Law Reporting. The Attorney General.

Trochim, W. M. (2002). Research Methods Knowledge Base. Cornell University.

Twesigye, P. (2022). Structural, governance, & regulatory incentives for improved utility performance: A comparative analysis of electric utilities in Tanzania, Kenya, and Uganda. *Utilities Policy*, *79*, 101419.

Urban Areas and Cities Act (2011). National Council for Law Reporting. The Attorney General.

Ustawi. (2012). *National Assembly under the New Constitution*. Retrieved from http://www.ustawi.info.ke/index.php/national-assembly/national-assembly-under-the-new-constitution?

UNDP. (1995). *Statement of the Republic of Uganda on the Fourth World Conference on Women, Beijing China*

Voehl, F., & Harrington, H. J. (2016). Change Management.

Walsh, P. F. (2020). *Intelligence leadership and governance: building effective intelligence communities in the 21st century*. Routledge.

Wambui, K. M. (2018). *Influence of financial management practices on the revenue collection performance of Kajiado county government, Kenya* (Doctoral dissertation).

Website of the Parliament of Kenya (2014). The Senate. Retrieved June 2016.

Wilsford, D. (1994). Path dependency, or why history makes it difficult but not impossible to reform health care systems in a big way. *Journal of public policy*, *14*(3), 251-283.

Wilson, J. (2014). *Essentials of business research: A guide to doing your research project*. Sage.

Wood, S. N. (2017). *Generalized additive models: an introduction with R*. Chapman and Hall/CRC.

World Bank (2014). *Innovative Technologies to Help County Governments Improve Service* Delivery. Retrieved from http://www.Worldbank.org/en/news/press-release2014/03/26.

World Bank. (2012). *Devolution without disruption: Pathways to a successful new Kenya.*

World Health Organization. (2020). WHO report on cancer: setting priorities, investing wisely and providing care for all.

World Trade Organization, & International Trade Centre UNCTAD/GATT. (2008). *World tariff profiles*. World Trade Organization.

Yin, R.K. (1994). *Case study Research Design & Methods*. 2nd Edition: Sage Publications, Thousand Oaks.

Zee, Howell H., 2005. *Personal Income Tax Reform: Concepts, Issues and Comparative Country Developments*. Working Paper WP/05/87. Paris: IMF, Fiscal Affairs Department.

Zhao, L. P., Yu, G. P., Liu, H., Ma, X. M., Wang, J., Kong, G. L., ... & Ke, Y. (2013). Control costs, enhance quality, and increase revenue in three top general public hospitals in Beijing, China. *PloS one*, *8*(8), e72166.

Zucker, L. G. (1987). Institutional theories of organization. *Annual review of sociology*, *13*(1), 443-464.

APPENDICES

Appendix I: Introduction Letter

Date: ……………….

Dear Respondent,

I am a student of PhD in Leadership and Governance at Jomo Kenyatta University of Agriculture and Technology. I am carrying out a study on ***Governance frameworks and revenue enhancement in devolved governments in Kenya.*** I have chosen to use your County as part of my sample. It would be of great value if you could share your wealth of knowledge by completing the attached questionnaire. Your answers will be handled with the highest anonymity and confidentiality. Kindly return the completed questionnaire to me.

Regards,

William Oduol

Appendix II: The Questionnaire

PART 1: GENERAL INFORMATION

1. Name (Optional)

……………………………………………………………………….........

2. Gender: Male [ ] Female [ ]

3. What is the highest level of education you have attained?

High school [ ] Bachelor's degree [ ] Master's degree [ ] Doctoral degree [ ]

4. How long have you been working in this County?

Below 2 years ( )

Between 2-5 years ( )

Between 6 to 10 Years ( )

Above 10 years ( )

5. How long have you been in the position you are holding currently in this county?

Below 2 years [ ]

Between 2-5 years [ ]

Between 6 to 10 Years [ ]

Above 10 years [ ]

6. Have you ever worked in any other organization before joining County government?

Yes [ ]

No [ ]

Indicate from the list below, some of the reasons you feel contributes to low revenue collection for counties. Please tick (√) all that apply.

i) Lack of citizen participation in setting tax rates ( )

ii) Poor sensitization on tax payment obligations ( )

iii) Lack of motivation for revenue collection clerks [ ]

iv) Poor collection methods [ ]

v) Dishonesty of some revenue collection clerks [ ]

vi) Dishonest taxpayers [ ]

vii) Hostile taxpayers [ ]

viii) Interference by external forces for their interests [ ]

ix) Strained economic activities- non-performing businesses [ ]

x) Poverty [ ]

xi) Tax exemptions [ ]

xii) Limited tax base [ ]

xiii)Lack of peoples skills in dealing with the taxpayer….. [ ]

xiv)Poor accountability of collected taxes [ ]

Have you received any kind of training on revenue? Explain the type of training.

Which departments coordinate the revenue collection and staff training on the same? Explain.

PART 2: Governance frameworks and revenue enhancement

Section 1: Institutional Capacity

This section seeks to examine whether institutional capacity affects revenue enhancement for county governments. Kindly indicate your level of agreement on a scale of 1-5.

Key: Strongly Agree **[5]** Agree [**4]** Neutral [**3]** Disagree [**2]** Strongly Disagree [**1]Statement**	**1**	**2**	**3**	**4**	**5**
My county has clear expectations and principles on how to work					
I possess the training and qualifications which relate to the work I do.					
My supervisor is knowledgeable and supports me in my work					
The departmental structure is clear and I know my roles					

The county deals swiftly with unethical work practices					
There are experts who guide on planned programs					
Our section is able to perform its functions and achieve its set goals					

Section 2: Policy Implementation

Indicate your level of agreement with the following statements that are relating to Policy implementation in your county government

Key: Strongly Agree **[5]** Agree [**4]** Neutral [**3]** Disagree [**2]** Strongly Disagree [**1]Statement**	**1**	**2**	**3**	**4**	**5**
Every activity is defined by the existing county policies					
There are clear work plans with regard to revenue collection					
Funds have been committed for policy implementation					
There are established structures and methods of revenue generation in my section					
The department secures support from groups before implementing their action plans.					
Every legislation on revenue is executed promptly and effectively by the staff in my department					

Section 3: Regulatory Frameworks

Kindly indicate your level of agreement with the following statements that are relating to regulatory frameworks in county governments

Key: Strongly Agree **[5]** Agree [**4]** Neutral [**3]** Disagree [**2]** Strongly Disagree [**1]Statement**	**1**	**2**	**3**	**4**	**5**
There are clear rules that define and support the activities of each section					
Citizens are fully involved in our departmental activities through					

both legal and deliberate means of inclusivity					
Acquisition and use of resources are clearly stipulated in our guidelines					
The county supports staff in their attempts to implement the guidelines by the institution					
I am held to account by the existing procedures that define my work					
The county provides sufficient information on how to carry out the tasks					

Section 4: Human Capacity

Kindly indicate your level of agreement with the following statements that are relating to Human capacity in Devolved governments

Key: Strongly Agree **[5]** Agree [**4]** Neutral [**3]** Disagree [**2]** Strongly Disagree [**1]Statement**	**1**	**2**	**3**	**4**	**5**
The senior management involves me in their decision making					
The working relationships here are cordial.					
The department has invested in my growth in the last one year					
The management treats all staff fairly and equally					
Feedback is provided promptly and without fail					
I feel happy and committed to this job.					
The workload seems reasonable to me					

Section 5: Revenue enhancement

Indicate by ticking your level of agreement with the statement provided in the table below on revenue enhancement

Key: Strongly Agree **[5]** Agree [**4]** Neutral [**3]** Disagree [**2]** Strongly Disagree [**1]Statement**	**1**	**2**	**3**	**4**	**5**
My section meets and exceeds its annual revenue targets					

The section meets our clients' needs without any hitches					
We are able to collect county debt without fail					
The departmental clients do not complain about our billing					
Annual recurrent budgets are met					
The section has not lost any revenue and has succeeded in generation of revenue as planned					

Are there any other ways the county works to increase its revenue. List all the methods you know.

Appendix III: EFA Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	9.702	34.650	34.650	9.702	34.650	34.650	4.172	14.900	14.900
2	2.060	7.356	42.006	2.060	7.356	42.006	3.888	4.12..886	28.786
3	1.459	5.211	47.217	1.459	5.211	47.217	3.812	4.12..615	42.401
4	1.340	4.787	52.004	1.340	4.787	52.004	1.765	6.305	48.706
5	1.4.12.5	4.055	56.059	1.4.12.5	4.055	56.059	1.521	5.432	54.4.12.8
6	1.022	3.648	59.707	1.022	3.648	59.707	1.315	4.698	58.836
7	1.012	3.615	63.323	1.012	3.615	63.323	1.256	4.487	63.323
8	.948	3.386	66.708						
9	.866	3.091	69.800						
10	.802	2.864	72.663						
11	.693	2.476	75.4.12.9						
12	.689	2.462	77.600						
4.12.	.635	2.269	79.870						
14	.578	2.065	81.935						
15	.530	1.894	83.829						
16	.491	1.753	85.582						
17	.457	1.632	87.24.12.						
18	.446	1.592	88.806						
19	.402	1.437	90.243						
20	.396	1.44.12.	91.656						
21	.367	1.311	92.967						
22	.353	1.260	94.227						
23	.327	1.168	95.395						
24	.310	1.108	96.502						
25	.304	1.086	97.588						
26	.250	.893	98.482						
27	.218	.780	99.262						
28	.207	.738	100.000						

Appendix IV: EFA rotated Factor loadings matrix

	Component 1	Component 2	Component 3	Component 4	Component 5	Component 6	Component 7
S1i	0.281	0.63	0.204	0.4.12.1	-0.115	0.236	-0.052
S1ii	0.288	0.654	0.051	0.277	0.221	0.176	0.004
S1iii	0.123	0.667	0.305	0.06	0.195	-0.03	0.103
S1iv	0.25	0.68	0.352	-0.035	-0.058	0.21	-0.098
S1v	0.405	0.635	0.129	0.172	-0.049	-0.189	-0.037
S1vi	0.436	0.621	0.003	0.147	0.024	-0.017	0.234
S2i	0.101	0.121	-0.231	0.67	0.1	-0.058	0.057
S2ii	-0.087	0.152	0.048	0.15	0.729	-0.207	-0.231
S2iii	0.076	0.188	-0.029	0.049	-0.007	0.772	0.018
S2iv	0.129	0.558	0.175	0.071	0.121	0.303	0.234
S2v	0.047	0.152	0.066	0.046	-0.042	0.026	0.817
S2vi	0.095	0.545	0.126	0.09	0.26	0.063	0.307
S3i	0.665	0.311	0.284	0.07	-0.046	0.031	0.026
S3ii	0.752	0.208	0.112	0.051	0.077	0.067	0.009
S3iii	0.74	0.253	0.267	0.2	0.095	-0.063	0.001
S3iv	0.758	0.2	0.186	0.15	-0.007	0.153	0.1
S3v	0.707	0.229	0.145	0.14	0.225	0.096	0.077
S4i	0.32	0.177	0.604	0.126	0.035	-0.001	0.141
S4ii	0.314	0.29	0.466	0.446	-0.031	0.199	-0.036
S4iii	0.433	0.163	0.371	0.533	-0.076	0.256	-0.144
S4i	0.141	0.153	0.45	0.442	0.4.12.2	-0.096	0.263

v							
S4v	0.372	0.221	0.246	0.528	0.141	0.281	0.063
S5i	0.219	0.254	0.729	0.029	-0.019	-0.098	0.025
S5ii	-0.002	0.084	0.836	0.032	0.031	-0.006	0.045
S5iii	0.25	0.243	0.701	-0.079	0.114	0.1	-0.173
S5iv	0.253	0.072	0.54	-0.226	0.365	0.191	0.164
S5v	0.228	0.119	0.446	0.047	0.402	0.095	0.257
S5vi	0.353	0.046	0.104	0.058	0.606	0.328	0.215

Appendix V: EFA rotated Factor loadings matrix

Construct	Indicator	Variable code	Factor loadings
Institutional Capacity	My county has clear expectations and principles on how to work	S1i	0.753
	I possess the training and qualifications which relate to the work I do.	S1ii	0.802
	My supervisor is knowledgeable and supports me in my work	S1iii	0.730
	The departmental structure is clear and I know my roles	S1iv	0.790
	The county deals swiftly with unethical work practices	S1v	0.768
	Our section is able to perform its functions and achieve its set goals	S1vi	0.770
Policy Implementation	Every activity is defined by the existing county policies	S2i	0.337
	There are clear work plans with regard to revenue collection	S2ii	0.289
	Funds have been committed for policy implementation	S2iii	0.49
	There are established structures and methods of revenue generation in my section	S2iv	0.77
	The department secures support from groups before implementing their action plans.	S2v	0.496
	Every legislation on revenue is executed promptly and effectively by the staff in my department	S2vi	0.754
Regulatory framework	There are clear rules that define and support the activities of each section	S3i	0.818
	Citizens are fully involved in our departmental activities through both legal and deliberate means of inclusivity	S3ii	0.797
	Acquisition and use of resources are clearly stipulated in our guidelines	S3iii	0.869
	The county supports staff in their attempts to implement the guidelines by the institution	S3iv	0.832
	I am held to account by the existing procedures that define my work	S3v	0.802

Human capacity	The senior management involves me in their decision making	S4i	0.73
	The working relationships here are cordial.	S4ii	0.793
	The department has invested in my growth in the last one year	S4iii	0.84.12.
	The management treats all staff fairly and equally	S4iv	0.67
	Feedback is provided promptly and without fail	S4v	0.794
Revenue enhancement	My section meets and exceeds its annual revenue targets	S5i	0.351
	The section meets our clients' needs without any hitches	S5ii	0.702
	We are able to collect county debt without fail	S5iii	0.764
	The departmental clients do not complain about our billing	S5iv	0.753
	Annual recurrent budgets are met	S5v	0.701
	The section has not lost any revenue and has succeeded in generation of revenue as planned	S5vi	0.561

Appendix VI: Kenya County Government Structure

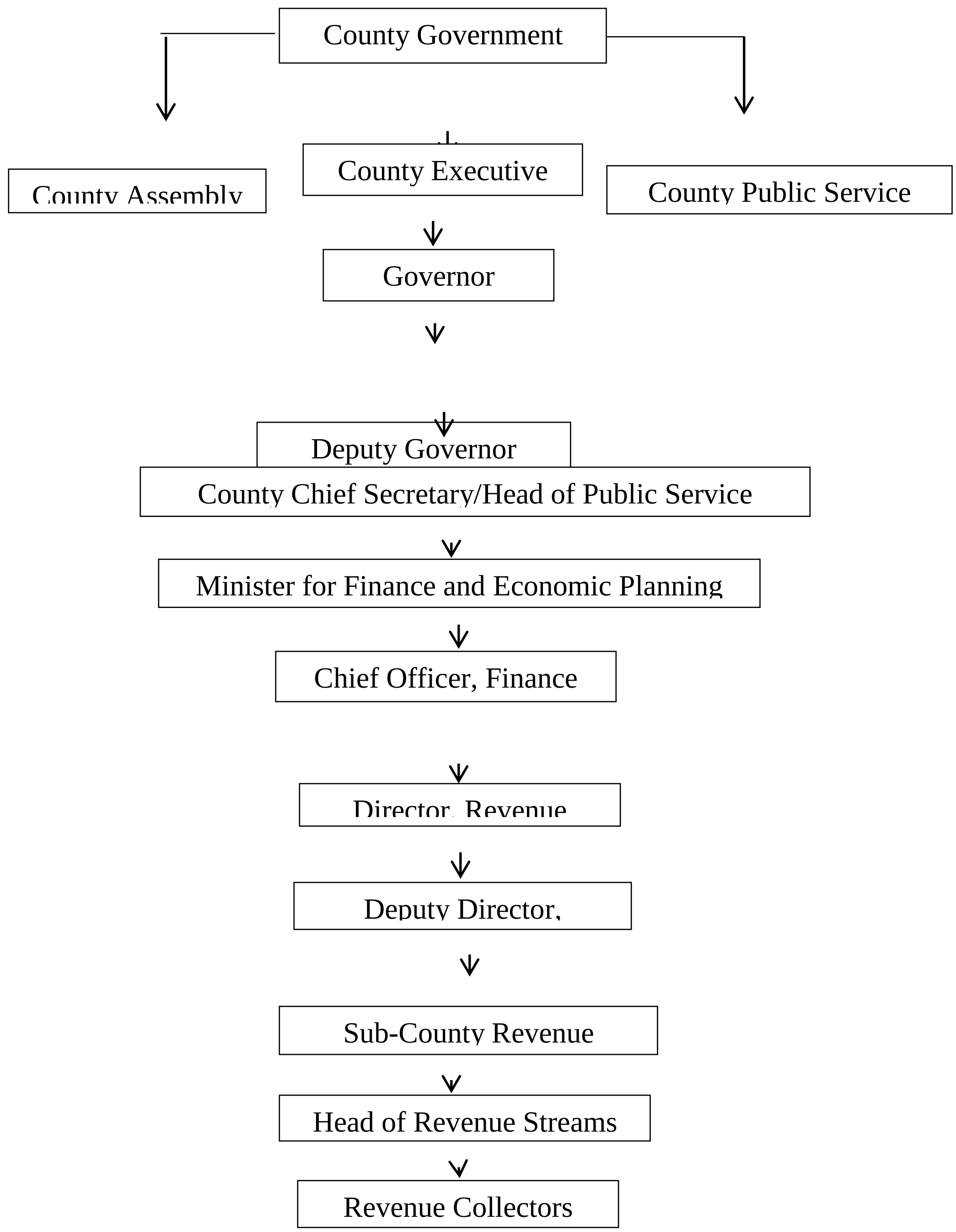
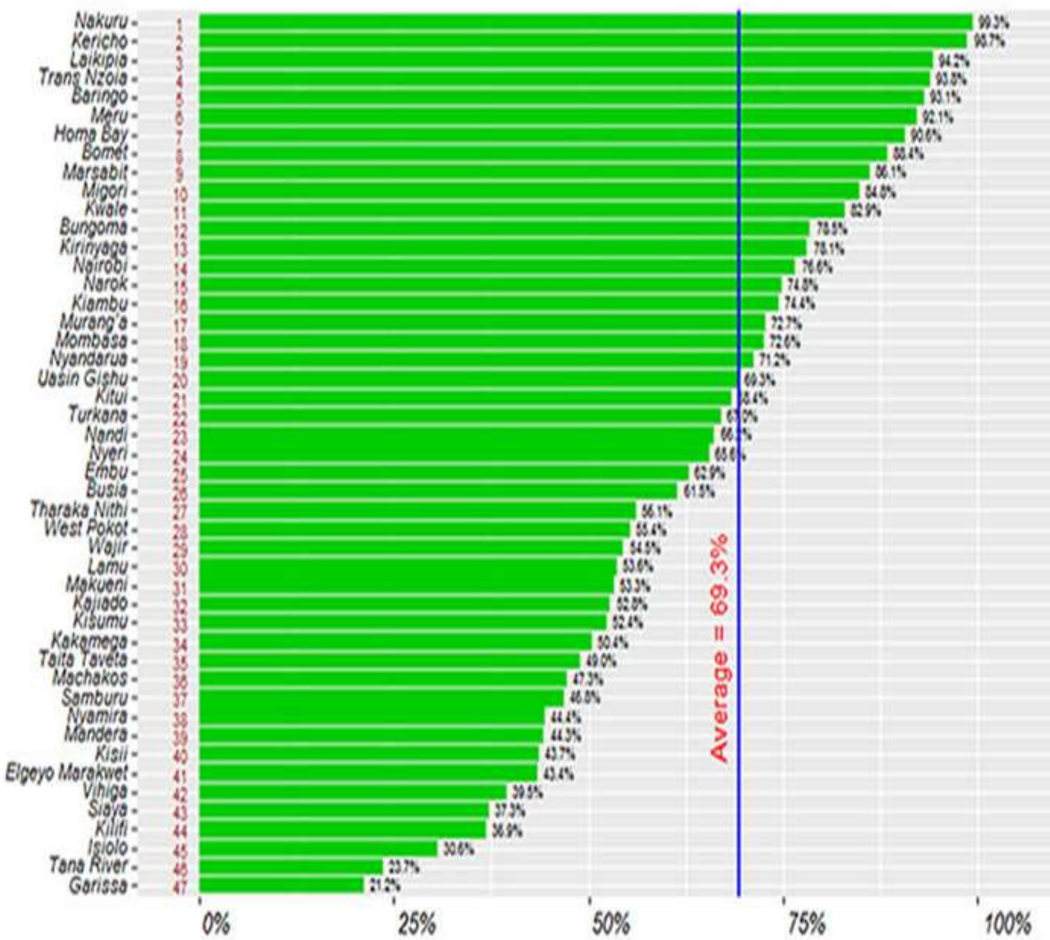


Figure 4.20: County Revenue Collection Department Structure

Source: Various County Integrated Development Plans (CIDPs)

Appendix VII: Local Revenue Collection Ranking 2015/2016

Figure: 6 Local Revenue as a share of the target



Source: Controller of Budget | Annual County Governments Budget Implementation Review Report 2015/16 (Institute of Economic Affairs, 2016).

In the chart, it is observed that;

- All counties did not meet their local revenue target in the fiscal year 2015/16

- On average, all the 47 countries achieved 69.3% of their targeted local revenue collection
- 19 out of 47 counties (40%), achieved more than 70% of their revenue target in 2015/16

Appendix VIII: Research Authorization from NACOSTI

NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Telephone:+254-20-2213471,
2241349,3310571,2219420
Fax:+254-20-318245,318249
Email: dg@nacosti.go.ke
Website : www.nacosti.go.ke When replying please quote

NACOSTI, Upper Kabete
Off Waiyaki Way
P.O. Box 30623-00100
NAIROBI-KENYA

Ref: No. NACOSTI/P/18/39699/22007 Date: 28th March, 2018

William Odhiambo Oduol
Jomo Kenyatta University of
Agriculture and Technology
P.O. Box 62000-00200
NAIROBI.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on ***"Determinants of revenue maximization in devolved units in Kenya,"*** I am pleased to inform you that you have been authorized to undertake research in **Nairobi County** for the period ending **28th March, 2019.**

You are advised to report to **the Chief Executive Officers of selected government agencies, the County Commissioner and the County Director of Education, Nairobi County** before embarking on the research project.

Kindly note that, as an applicant who has been licensed under the Science, Technology and Innovation Act, 2013 to conduct research in Kenya, you shall deposit **a copy** of the final research report to the Commission within **one year** of completion. The soft copy of the same should be submitted through the Online Research Information System.

DR. M.K. RUGUTT, PhD, OGW
DIRECTOR GENERAL
Copy to:

The Chief Executive Officers, Selected government agencies.

The County Commissioner, Nairobi County.

The County Director of Education, Nairobi County.