

**REVENUE MOBILIZATION APPROACHES AND THEIR INFLUENCE ON
COUNTY SOCIO-ECONOMIC DEVELOPMENT IN NORTH RIFT REGION,
KENYA**

BY

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**A THESIS SUBMITTED TO THE SCHOOL OF HUMAN RESOURCE
DEVELOPMENT FOR FULFILLMENT OF THE REQUIREMENT FOR
AWARD OF THE DEGREE OF DOCTOR OF PHILOSOPHY IN
DEVELOPMENT STUDIES**

MOI UNIVERSITY

NOVEMBER, 2017

DECLARATION

Declaration by Student:

I hereby declare that this thesis is my original work and has not been submitted anywhere for any award. Where other sources of information have been used, they have been acknowledged.

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DEDICATION

This Thesis is dedicated to my wife Ruth, and my children: Davis and Debra, thank you for the support and company during late nights of typing. I give my deepest expression of love and appreciation for the encouragement that you gave and the sacrifices you made during this graduate program. My friend and mentor Ahmed, who taught me that even the largest task can be accomplished if it is done one step at a time. It is also dedicated to my late grandfather Chief Simion Arap Chepyagan, who taught me that the best kind of knowledge to have is that which is learned.

May God's blessings be with you always.

ACKNOWLEDGEMENT

I would like to thank my supervisors, Prof. Leonard Mulongo and Prof. Peter Omboto for their invaluable time and guidance throughout this period of thesis writing. As supervisors, they have done their best to guide me in thinking critically and opening up the scope of my area of interest. This has enabled me come up with this thesis. I also wish to thank staff and colleagues in the Department of Development Studies of Moi University for the constant sharing and support during the thesis writing period. I also thank my boss Dr. Cleophas Lagat, Governor of Nandi County for his support and assistance during my absence from my work especially in occasions that needed my individual participation as a deputy Governor. University of Eastern Africa Baraton Vice Chancellor Prof. Maiyo for allowing me use the university's Library resources during the study.

I will not forget my wife Ruth who has been my classmate and companion throughout this period. Her support and concern have enabled me to come this far.

ABSTRACT

Revenue mobilization approaches have been adopted globally with an aim of enhancing development both at local and regional level. However, from available studies not all approaches have contributed effectively in mobilizing the available revenues for socio economic development. In Kenya for instance, the advent of devolution has implied that counties will have to devise appropriate ways of enhancing resource avenues for socio-economic development. This still remains elusive for no appropriate approach has been devised. Therefore, the main objective of this study was to assess revenue mobilization approaches and their influence on County socio-economic development in North Rift Region, Kenya. The study was guided by the following objectives: to establish the influence of County collections on socio-economic development, to determine influence of training in revenue mobilization on County socio-economic development in north rift region, to determine influence of revenue mobilization technology on socio-economic development, to ascertain influence of stakeholder collaboration in revenue mobilization on socio-economic development, to analyse effect of revenue mobilization infrastructure development on socio-economic development and evaluate challenges faced by County governments in the North Rift in implementing revenue mobilization approaches. The study was guided by Resource-Based Theory of competitive advantage which states that the ability of institution's resources and capabilities to support a sustainable competitive advantage is essential to the time frame of the institutions' strategic planning process and the sequential theory of decentralization. The study adopted a descriptive survey research design. The study targeted a population of 1640 employees from revenue and planning departments in 6 County Governments in North Rift region. Random and stratified sampling techniques were used to get a sample size of 321 respondents. Instruments of data collection included questionnaires and Interview guides. Split half method was used to test reliability of research instruments. Data was analyzed using both descriptive and inferential statistics. Qualitative data was analyzed using thematic analysis. Data was presented using Tables, charts and graphs. The study findings revealed that most of the approaches for revenue mobilization in County governments are business licenses (96.2%), natural resource rents (60.3%), market dues and fees (55.1%). This informs that business licenses, market dues and fees are highly effective in revenue generation to the County governments. The regression analysis revealed that, there was a statistically significant relationship between business licenses, loans and parking fees and County development. In addition, training has a significant effect on socio-economic development ($\beta = 0.644$, $p < 0.05$), technology in revenue mobilization ($\beta = 0.596$, $p < 0.05$), stakeholder collaboration ($\beta = 0.435$, $p < 0.05$) revenue mobilization infrastructure ($\beta = 0.461$, $p < 0.05$) all have a significant and positive effect on socio-economic development. The County governments may need to ensure effective automation mechanisms of businesses licensing. For this to work, it is important to tailor the revenue mobilization approach to counter dishonesty in revenue collection and other forms of revenue leakages at all points of revenue collection. The County governments may also have to increase sensitization, mobilization and publicity to the community about the importance of revenue collection.

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LIST OF ABBREVIATION

ATAF	African Tax Administration Forum
COK	Constitution of Kenya
CPF	Community Participatory Framework
DEA	Data Envelope Analysis
DRM	Domestic Revenue Mobilization
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
CIDP	County Integrated Development Plan
IMF	International Monetary Fund
LICs	Low-Income Countries
NGOs	Non Governmental Organizations
UEAB	University of Eastern Africa, Baraton
SPSS	Statistical Product for Service Solution
NOREB	North Rift Economic Bloc
CRA	Commission on Revenue Allocation

OPERATIONAL DEFINITION OF TERMS

Business license	Official document which gives one, permission to own, do or use something usually after money has been paid.
Infrastructure development	Development of physical systems of a county government's revenue system.
Local revenues	Subtotal of all categories collected from a number of sources like market dues, fines and penalties and parking fees (Republic of Kenya, 2008).
Property tax	Annual tax levied on real property that is visible and immobile.
Revenue mobilization	Procedures through which revenues are brought together by established entities and funded by donors and partners.
Revenue mobilization approaches	The means and mechanisms by which revenues can be brought together from revenue providers.
Socio-economic development	A product of development and can be defined as the process of social and economic transformation in a society.
Stakeholder collaboration	Act by the County Government in engaging the public and other stakeholders in a communicative frame, as well as identified discursive interactions that affect county decision making process.
Taxation refers	Collection of compulsory transfers from citizens and firms including the excise and duty due on international trade transactions.
Training	A planned activity aimed at improving employees' understanding on revenue mobilization by helping them realize an obligatory level of understanding or skill through the impartation of information.

CHAPTER ONE

INTRODUCTION

1.1 Overview

This chapter presents the background to the study, the statement of the problem, objectives of the study, significance of the study, assumptions of the study and finally the scope of the study that essentially lays the foundation for the study.

1.2 Background of the Study

Socio-economic development seeks to bring about quality improvement in the lives of the citizenry. Opoku, Kyeremeh and Odoom (2014) note that its outcome is not simply development in the socio-economic sense but is strictly related to the concept of quality of life. It is a vigorous method which endows individuals and encourages significant changes in their lives. Socio-economic development is any programme that produces maintainable access to the economy for its recipients, who happen to be the local people.

Socio-economic development is the association between monetary action and social life. Their affirmation suggests that economic development is the constant change in the prosperity and in the way of life of the general population (NEPAD 2009). The socio-economic development point is to guarantee that individuals meet their fundamental needs that are basic to carry on with an existence of pride. This incorporates access to quality training, better medical services, better housing, safe drinking water and great sanitation, and fair appropriation of a country's riches. Furthermore, its commitments ought to give feasible advantage, to utilize the old

socio-economic development ventures instruct individuals to fish instead of giving them a fish (Szirmai, 2009)

Local socio-economic development is any effort aimed at improving and/or enhancing livelihoods in the social and economic domains. It involves both the transformation of lives and landscape to ensure a significant improvement in the quality of life (Eigeman, 2007). Bird (2010) notes that a sound income mobilization framework for local governments, is a basic pre-condition for the achievement of financial decentralization. Notwithstanding raising incomes, mobilization of local income can possibly cultivate political and managerial responsibility by enabling communities participate in the process. (Shah, 1998; Oates, 1998). Despite this fact, local governments face many challenges on the choice of effective and efficient revenue mobilization strategy.

Income mobilization methodologies are a fundamental segment of financial policy and organization in any economy due to its impact on national government operations at the local level. It is the fuel of each government as it is the fundamental instrument through which government financing is guaranteed (Komolo, 2014). There are conclusive explanations for improving Domestic Resource Mobilization (DRM). Culpeper (2008) posits that superior dependence on DRM is essential to monetary development, reduced poverty, and development. He further argues that DRM is more helpful for domestic proprietorship than outer funding and therefore external direct investment is focused towards the business targets of the investor and not the improvement needs of the host nation. Economic Commission for Africa Report (2014) revealed that enhanced domestic revenue mobilization increases the ability of governments to achieve long-term objectives.

According to a Collection Industry Association-CIA (2010), thirteen states in United States have used modern technology in their effort to improve revenue mobilization. The city of Chicago is one government that is expanding its collection efforts through technology and expects to double the amount of revenues collected as a result. In addition, for a reasonable and mindful financial future, urban communities in developing nations must make utilization of critical sources of taxation incomes and in addition non-tax incomes gathered through client charges and expenses (Un-Habitat, 2015). In order to effectively address the challenge of mobilizing adequate financial resources, urban authorities in developed nations have considered using mechanisms such as stakeholders' collaboration in enhancing revenue mobilization through Public Private Partnerships (PPP).

Utilization of domestic revenues plays an important part in provision of quality services of decentralized systems of governance. The Economic Commission for Africa (2014) argued that enhanced domestic revenue mobilization increases the ability of governments to achieve long-term development objectives. This argument is in agreement with North-South Institute (2010) report which revealed that increased reliance on domestic revenue mobilization is a way of increasing national possession of civic strategy, ensuring responsibility to residents and reducing the risks of unpredictability linked with external financial backing.

The idea that developing countries are fundamentally poor and therefore unable to mobilize consistently their internal revenues, has led to a systematic dependency to external sources, particularly aid. This has made most African countries to remain less independent and survive at the mercies of the donor countries. However, policy makers in most African countries have shifted their attention towards the mobilization

of Domestic Revenues. According to Policy Research Report (2012), two factors have contributed to this trend, First, reliance on external sources is likely to cause overdependence and distort the pattern of socio-economic development. Second, even if characterized by generally low levels of per capita income, several developing countries (among them are most African countries) have a considerable potentiality of domestic revenues that can be put to good use to finance development. Aniket and Yiagadeesem (2010) argued that domestic revenues are a necessary complement and that external revenues will not be enough to meet financing needs associated with Millennium Development Goals and also to sustain developmental performance beyond 2015. There is therefore need for countries to efficiently and effectively utilize the locally available revenues rather than relying on aid.

Local governments usually provide managerial, financial, and other communal services and amenities to local citizens. In highly unitary centralized countries, such as France and Great Britain, local governments enjoy only limited control, in the region of starting and actualizing plans, as a consequence of deficient finances and absence of self-sufficiency. In spite of the fact that the decentralization procedure has been viewed by many as an essential supporting device for national democracy and advancement, local gatherings are not well fitted to oppose any infringement by the central government (Nalag, 2009).

A broadly discovered property for local government income frameworks in Africa is the enormous number of income instruments being used by local authorities (Bahigwa *et al.*, 2010). Various local governments intend to mobilize incomes through raising taxes, expenses and charges they are fit for mobilizing regularly,

without agonizing unnecessarily over the monetary distortions and distribution impacts that these instruments may make (Brosio, 2008).

In Sub-Saharan Africa, enhancing tax collection to address formative issues is one of the principle challenges confronting the area (Gupta & Tareq, 2008). The normal tax-to-GDP proportion in Sub-Saharan Africa has expanded from under 15% of GDP in 1980 to more than 18% 10 years ago. Be that as it may, for all intents and purposes, the whole increment in tax income originated from natural-resource taxes, for example, wage from production sharing understandings, eminences and corporate income tax on oil and mining organizations. Non-resource related incomes, expanded by less than 1% of GDP more than 25 years ago. Indeed, even in resource-rich nations, non-resource related income has basically been stagnant (Keen & Mansour, 2008).

The development of Africa's populace has outpaced local authority's ability with respect to service delivery as far as administration, framework, and financing is concerned (McCluskey *et al*, 2011). First, the municipal authorities, a large number of which were initially initiated as pioneer regulatory organizations, have not been rebuilt to adapt to the quickly developing populace (Ahwoi, 2010). Second, a developing number of inhabitants live in casual settlements portrayed by lack of essential services, for example, housing, clean water, power, sanitation, refuse collection, roads, and transport (Devas, 2013). Third, numerous local government powers are fiscally feeble and depend on transfers and help from the central government (Brosio, 2008). In addition, local government tax organizations are frequently wasteful and not able to appropriately represent incomes gathered (Fjeldstad, 2014).

In Ghana for instance, the push of the decentralized approach has been to advance well known interest and responsibility of government machinery by moving the arrangement of administration from command to counsel and by reverting force and incomes to the community level. In accordance with the strategy, the local governments presented a few exercises and projects wanted for expanding local incomes, for example, raising of tax levels and development of income instruments. In any case, most of the area incomes produced from these sources were woefully insufficient to enhance authoritative and other repetitive consumption, significantly more to fund the delivery and running of fundamental framework and administrations required (Badu, 2007).

Some taxes and fees are collected by the national government and diverted back to the local government. In Malawi the non-tax income is proposed to be gathered by the central government, before the incomes are redistributed to District Assemblies utilizing a recipe affirmed by the executive (Malawi Government, 2008). A less typical illustration is from Tanzania where the mobilization of property tax in Dar es Salaam is appointed to the Tanzania Revenue Authority (Fjeldstad *et al.*, 2011). In Tanzania, mobilization of a large portion local government income has been outsourced recently. They incorporate private collection of property tax in some urban areas, market fees in both rural and urban settings, forestry taxes (Until, 2005) mostly in rural authorities, access on some agricultural goods in rural councils, bus stands, and parking fees. In Mwanza City Council, for instance, more than 30% of the council's revenues in 2006 were collected by private proxies.

Until now, however, African countries have had difficulties in mobilizing adequate domestic revenues to meet their investment needs. Economic Commission for Africa

Report, (2014) cited a number of challenges that Africa faces in mobilizing and retaining revenues. These challenges include low saving rates, poor tax administration and a limited tax base. The report further revealed that DRM is mainly hindered by low income levels and absence of access to financial services in rural parts. There are also challenges stemming from poor public sector governance and planning. For instance, there exists a widespread divide between public financial administration and national budgets and planning. This makes it difficult for countries to identify funding gaps and channel existing funds into priority development areas (Economic Commission for Africa Report, 2014).

Interest in improving revenue mobilization in emerging economies is growing. Most of these countries are emerging from the crisis with their fiscal scenarios largely whole (IMF, 2010), but with majority still facing an essential requirement to collect additional income from their own tax bases (Westman, 2014). Accomplishing the MDGs, for example, has been proposed to involve growing internal revenues in low-income countries (LICs) by around 4% of the GDP (United Nations, 2014). Infrastructure requirements are also widespread (IMF, 2010), and there are climate challenges to address. Progressive economies are concentrated on refining their provision of these revenue mobilization exertions. In this context, the G-20 leaders called in November 2010 with others, to report on important concerns in reinforcement of revenue mobilization (Westein, 2013).

It has become clear that overdependence on aid and other external sources may have significant adverse consequences on long-term development prospects. On the other hand, scholars such as Culpeper (2008) argue that superior dependence on DRM is vital to economic development and poverty reduction. There is therefore need to

strengthen domestic revenue mobilization. For local authorities in Africa to provide the services required adequately and efficiently, they need to find better methods of mobilizing extra revenues (Tibaijuka, 2015). Some of the causes given for not achieving adequate revenue include lack of adequate human capital, non-compliance by the residents to pay council dues and lack of good will by the government in terms of support. Weak by-laws and lack of appropriate financial strategies have also been mentioned as contributing to low revenue collection and generation (Republic of Kenya, 2008).

In Kenya, devolution has been advocated as a political answer to the ills afflicting delicate and plural societies, such as, conflicts, inequalities, rent seeking, economic stagnation, corruption and inefficient use of public incomes. Besides, devolution is also implemented as a reaction to external pressure from organized groups. For devolution to be operational, however, the criteria of subsidiarity and consensus must be observed (Kimenyi & Meagher, 2014). Kenyan local authorities had not been vigorous in collecting and generating their own revenues, as a result, County Governments in Kenya heavily depend on National government funds to fulfill basic necessities such as wage payment rather than integrating various dimensions of socio-economic development. This in turn has contributed to increased political unrests in the country as evidenced with frequent strikes and demonstrations from the county employees due to delayed and low payments (Mokaya, 2015).

In the year 2015, eight counties (Uasin Gishu, Nandi, Trans Nzoia, Baringo, Turkana, West Pokot, Samburu and Elgeyo Marakwet) in the North Rift proposed the creation of tourism and trading alliance dubbed the North Rift Economic Bloc (NOREB), targeting the region's population of about six million residents to maximize revenue

expansion and infrastructural development. Once operational, the bloc is expected to fast-track the region's economic growth (Mokaya, 2015). The region has a high tourism potential and is also endowed with huge oil reserves among other unexploited natural resources. The bloc is expected to give the counties an opportunity to look at trade policies and come up with a harmonized system of taxation to attract more investors.

1.2.1 Policy on Revenue Collection for County Governments in Kenya

The pursuit for a devolved system of governance in Kenya has been a long-lasting one. The pronouncement of the Constitution of Kenya on 27 August 2010 paved the way for the realization of the “dream” system of governance. Chapter Eleven (Cap 11) precisely provides for the setting up of the County Governments (COK, 2010).

Chapter 11 of the Constitution of Kenya 2010 spells out the different values of decentralized governance that comprises democratic ideals and the split-up of powers. In this constitution, the government operations are being devolved from national management level to largely independent running of county governments which are 47 in number. Each County is self-governing with some support from the National Government. According to Komolo (2014) it is inconsistent for County Governments to exclusively look to the National Government for revenue to establish or maintain its programs whose all benefits have local reach. Article 209(3) (4) of COK 2010, County Governments were given powers to generate revenue through taxation of fees. It may levy property rates, entertainment taxes and any other taxes that are authorized. Article 175 of the Constitution provides that County Governments shall have reliable sources of income to enable them to govern and deliver services efficiently. Each County is required to develop a five-year plan known as the County Integrated

Development Plan (CIDP) with well-defined goals and objectives, an implementation plan with clear outcomes, requirements for monitoring and evaluation; and clear reporting mechanism, The financial strategy aims to address income generation, asset administration, financial management, capital financing, operational financing and cost-effectiveness strategies (GOK, 2010). Counties set targets for revenue mobilization was to cumulatively collect Kshs.67.8 billion in the FY 2013/14 but in the first half of the Year, the actual revenue collection was Kshs.9.0 billion representing 13.2 per cent of the annual target (Controller of Budget Half Year Report, 2014) indicating under performance in terms of revenue collection.

The Government of Kenya established the Commission on Revenue Allocation (CRA), under Article 215 of the Constitution, which becomes the hinge for devolution. Headed by former Central Bank Governor Micah Cheserem, CRA decides what amount of money each County gets each financial year based on a given allocation formula. It is responsible for the sharing of resources. It is also expected to help define revenue sources for the counties and national government and device ways of encouraging fiscal responsibility. Article 216 (4) of the Constitution also requires that it determines, regularly reviews and publishes marginalized areas that need equalization funds given to areas with high prevalence of poverty. In North Rift region, Baringo County had highest local revenue collected, while West Pokot County had the least. In addition, those counties with less local revenue have higher deficit. For example Trans Nzoia County had a higher deficit of 7%. These disparities might be related to revenue mobilization approaches used in each county. This is true based Republic of Uganda (2010) argument that local revenue is paramount in sustainability and governance of local government, thus ensuring effective service delivery to the citizens. County Governments with strong local revenue collection have a greater

opportunity for autonomy, and are more receptive to the needs and priorities of their residents. The Constitution provides for many sources of local income to local governments which vary from County to County based on economic practices, natural resources, among other things. The Table below shows total revenue collection 2013/2014 in the six County governments of North Rift region.

Table 1.1 Total Revenue Collection 2013/2014

	Other Revenues in “000’ Kshs	Total Revenue in “000’ Kshs	Total County Budget Expenditure in “000’ Kshs	Surplus or Deficit	% Deficit
Baringo	2,753	8,702	8,703	-1	0%
Elgeyo Marakwet	600	3,518	3,518	-	0%
Trans Nzoia	501	4,424	4,713	-289	-7%
Nandi	1,144	3,547	4,246	211	6%
Uasin Gishu	1,468	5,821	5,821	-	0%
West Pokot	-	3,037	3,015	22	1%
Grand Total	97,917	298,468	331,232	32,764	11%

Source (Republic of Kenya, 2014)

The justification of a greater focus on DRM thus emerges from the search for maintainable progress and poverty decrease, and the need to craft “policy space” to accommodate sincere domestic proprietorship and country variety. It is theorized that superior emphasis on DRM can enable advanced levels of economic development and poverty decrease and can also be a powerful means of improving policy space and domestic ownership (Culpeper & Bushan, 2008). According to the Economic Commission for Africa (2014), challenges of revenue mobilization could be as a result of poor public sector governance and planning. It is therefore against this background that this study sought to examine the revenue mobilization approaches, their effects, challenges faced in their implementation and their influence on socio-economic development in Counties in the North Rift region.

Societies worldwide are faced with the challenges of raising resources that can be used in transforming their economies for socio-economic development. Since rural regions have distinctive planning difficulties and fears, many urban oriented planning methods are not suitable to such regions. Some rural areas must plan for rapid population growth and economic development and while others will grow very slowly, some rural areas will actually lose their population and jobs. County governments that serve such communities are facing a decreasing revenue base while at the same time facing acute human service requirements. County roads, bridges, water and sewer systems, parks, and so on, are all part of the countries' crumbling infrastructure.

1.3 Statement of the Problem

In Kenya, The advent of devolution has implied that counties will have to devise appropriate approaches of enhancing resource opportunities for socio-economic progress, in addition to the allocation from national government. Over reliance on national government's support by county governments has stagnated development in most counties in the country. Today, most county governments have not been able to mobilize resources effectively resulting to under development and poor service delivery that do not meet citizens' expectations, with key services such as health care, water, sanitation, education, and agricultural extension services remaining dismal.

In North Rift Kenya, most counties still identify inadequate revenue mobilization approaches as a barrier to achievable development (ICPAK, 2014). When the County Governments fail to optimally mobilize requisite revenues, the public will negatively be affected by being denied vital services. As aforesaid, the County Government employees are bound to fail to be adequately remunerated. Moreover, the National

Government will be overburdened by the financial demand from the County Governments, which will ultimately negate the national economy. Relative to this, it was fundamental to analyze the challenges that hamper optimal revenue mobilization by County Governments with a view of coming up with findings and recommendations which if and when implemented, the County governments would be financially self-sufficient. Thus, Counties are expected to devise innovative approaches of revenue mobilization to avert budgetary deficits as a result of shortfall revenue mobilization. However, it has emerged that counties are facing serious challenges in realizing their local revenue collection targets.

If county governments do not significantly improve domestic revenue mobilization, decreased revenue inflows pose a serious risk of institutionalizing dependency, a situation in which high levels of external assistance perpetuate low saving rates. As a result, the Country will lose the capacity to mobilize its domestic revenues for development. Consistent with the policy, the county governments presented several undertakings and programmes directed at growing local revenue such as increasing of rate levels and expansion of income mechanisms. However, majority of the incomes created from these sources were miserably insufficient to sustain development. Previous studies did not give adequate attention on how various revenue mobilization approaches, influence socio-economic development, particularly in developing economies such as Kenya creating scanty of literature. There was therefore need to examine revenue mobilization approaches and evaluate their influence on socio-economic development at county levels.

1.4 Objective of the Study

The objective of this study is to examine revenue mobilization approaches and their influence on county socio-economic development in North Rift region, Kenya.

1.4.2 Specific objectives

The study was guided by the following specific objectives;

- a) To establish the influence of county revenue collection sources on socio-economic development in north rift region.
- b) To determine the influence of training in revenue mobilization on county socio-economic development in north rift region.
- c) To ascertain the influence of revenue mobilization technology on socio-economic development in north rift region.
- d) To analyze the influence of stakeholder collaboration in revenue mobilization on socio-economic development in north rift region.

1.5 Research Hypotheses

H₀₁: There is no significant influence of county revenue collections on socio-economic development in counties.

H₀₂: There is no significant influence of training in revenue mobilization on socio-economic development in counties.

H₀₃: There is no significant influence of revenue mobilization technology on socio-economic development in counties.

H₀₄: There is no significant influence of stakeholder collaboration in revenue mobilization on socio-economic development in counties.

1.6 Justification of the Study

Available studies show that revenue mobilization approaches have been adopted globally with an aim of mobilizing revenues for development both at local and regional level. Of all these approaches, majority of them have not contributed effectively in mobilizing the available revenues for the anticipated socio-economic development. This is clearly evidenced by the numerous challenges regions seem to be facing in generating both financial and material support for development. In absence of these, a number of regions have been more of dependents in generating revenues for development.

In Kenya, counties are dependent on the National government for funds to drive development. As a result, revenues transferred to county governments do not come on time and are also not enough to meet county governments' development needs. This in turn has contributed to frequent strikes by workers due to delayed and low payments. Thus, County governments are supposed to come up with revenue mobilization approaches that aid in effective use of locally available revenues to meet socio-economic development needs. This needs to be done with urgency in order to solve current challenges facing county governments. This explains the need for the current study.

1.7 Significance of the Study

The study will contribute to existing knowledge spectrum on revenue mobilization. Apart from identifying the approaches employed by the counties, the study also

ascertained their influence on socio-economic development; challenges faced in implementation and are able to derive appropriate approaches in enhancing their applicability.

The study will enable the national government to be more conscious of the problems facing the county governments in their development process as far as mobilization of revenue is concerned and to find the suitable steps to assist build their capacity.

The study findings makes the Management of county governments be aware of the appropriate revenue mobilization approaches for socio-economic development particularly where the recommendations are deliberated for application.

Findings from the study will assist county governments to have better insight into the need to adopt the right methodologies for revenue mobilization.

In addition, other researchers studying on related subject (s) will use this study as a reference to enhance their work and provide more depth in understanding the presented phenomena. It serves as a rich source of literature to other researchers.

1.8 Scope of the Study

The study's scope was six counties in the North Rift region of Kenya. These included: Nandi, Uasin Gishu, Elgeyo Marakwet, Trans Nzoia, Baringo and West Pokot Counties. The study solicited for data from county governors, county secretaries, heads of selected county departments and members in these departments. The study was carried out for 7 months (July 2016- January 2017). Questionnaires and interview schedules were used to collect data.

1.9 Limitations of the Study

The study was also limited in difficulty to trace cause and effect since observed performance depends on interconnecting factors. Through hypothesis testing the researcher was able to establish relationships between variables.

Some respondents' failed to return the questionnaires or were unwilling to volunteer information. The researcher in such a case undertook a follow up with a similar questionnaire to the concerned.

CHAPTER TWO

LITERATURE REVIEW

2.1 Overview

This chapter presents in detail the literature that exists that relates to the proposed study. The chapter presents synthesis of literature on strategies for revenue mobilization, capacities of revenue mobilization strategies in enhancing development. The study also examined rationales for domestic revenue mobilization and challenges in implementation of revenue mobilization strategies.

2.2 Concept of Socio-Economic Development

Socioeconomic development emphasizes progress in terms of economic and social factors within a geographic unit. Economic development is the process of raising the level of prosperity through increased production, distribution and consumption of goods and services. according to Chukuwka and Benedict (2001) social development, on the other hand, refers to the complexity of social dynamics (the interplay of social structures, processes and relationships) and focuses on (1) the social concerns of the people as objectives of development and (2) people-centered, participatory approaches to development. Social development is also defined by Richard (2002) as inclusiveness, social justice and the common good. Richmond (2003)) provide a broader discussion of the various definitions of the social economy. The following section offers a brief summary of the various concepts and definitions that have characterized the debate on the parameters of the social economy (including community economic development, the cooperative sector and certain segments of the voluntary sector) in countries. Indicators of social development provide comparative information about areas such as income, poverty, employment, employment security,

education, health, crime and civic participation. Sometimes social development indicator lists also have included information about the environment. In view of the above definition, this study defines social economic development as progress or growth of social economy parameters such as hospital, recreation facilities, health facilities, infrastructure, and technology among others.

Therefore, socio-economic development is comprised of procedures created by exogenous and endogenous variables which decide the course and heading. Socio-economic development is measured with pointers, for example, GDP, life expectancy, proficiency and employment levels (Nwanegbo and Odigbo, 2013). Chandler (2007) describes this second approach as 'a dream or measure of dynamic change and Gore (2010) relates it to performance appraisal. This view is not wide in terms of definition and it is technocratic or instrumental. In essence, some may contend that it is excessively technocratic. At its most essential level, it is just focused on development as happening as far as an arrangement of short to medium-term performance markers' objectives or results which can be measured and contrasted and focuses. As a result, it has a great deal more instrumental component which is probably going to be supported by specialists inside the development group notably in global development agencies.

The decline in poverty goals when all is said in done, and the MDGs specifically, now assume a noteworthy part in the reasoning of the international organizations such as the Organization for Economic Cooperation and Development (OECD) Development Assistance Committee (2001), the United Nations Development Programme (UNDP), the World Bank (2010) or the bilateral aid organizations or institutions. Socio-economic development is the way of enhancing the nature of all human lives with

three vital issues which as per Todaro (2014), they include; raising the living standards of individuals' for instance wages and consumption, levels of food, medical services, training through important development processes. Making conditions which are helpful for the development of individuals' self-regard through the foundation of social, political and financial frameworks and establishments which advance human pride and regard and expanding individuals' opportunity to select by extending their preferred scope factors, for instance varieties of products and services.

The two measurements of development which are the economic measurement and the social measurement have been glaringly separated. The economic measurement has a tendency to liken development with economic development and measure by economic markers, for example, the GDP and GNP, while the social measurement takes a gander at development through changes in the ways of life of individuals, wellbeing, education, strengthening, death rate and a large group of different pointers (World Bank, 2010). This study embraced World Bank measurements of development which are performance appraisal in health, education, and foundation.

2.2.1 Revenue Mobilization

Revenue mobilization is a set of procedures through which revenues are brought together by established entities and funded by donors and partners, (John & Chapman, 2011). This is more common among community based programs which have little or no ability to generate funding on their own. For example, public sector programs make available revenues among them financial funding for socio-economic development in the society. In addition, Diana (2015) defines revenue mobilization as a means by which revenues both monetary and non-monetary revenues are brought together either externally or internally to aid organization activities. Thus, revenue

mobilization puts a lot of pressure on the ability of an organization's members to mobilize revenues and people towards the goal of achieving its objectives.

According to Mayer (2011), the process of bringing revenues together for sustainable community development starts by coming up with a revenue mobilization approach or mechanism, which mainly entails different mechanisms for mobilizing financial and other important revenues. A financial revenue mobilization approach entails coming up with potential sources of financing, persistently obtaining pledges, following up on them in order to get financing, banking the finances and maintain records of the transactions and how they are to be appropriated.

Revenue mobilization approaches are the means and mechanisms by which revenues can be brought together from revenue providers. The mechanisms are the initial ways of requesting for revenues like, coming up with proposals, making fundraising (Dorcas, 2004). Hence, identifying various revenue mobilization strategies is one way for communities to widen their understanding of revenue mobilization and make their strategies to be beyond the process of writing proposals.

David (2010) argues that revenue mobilization approaches may be challenged by measures put in place by partners at the early stages of a program and written in the legal documents. For instance, the rules may put in place measures that require donors to contribute a minimum amount annually so as to have a say in the governing. Sometimes they state that financing cannot be brought in from the private sector and if necessary can only be done under certain measures.

Making an approach entails the visualization of a purpose, a set of long term goals to be achieved within the stated mission, and an action plan outlining how the mission

and goals will be realized. For example when it comes to health care, the objective common to governments of most countries is to provide health care for all citizens of the nation (Scott, 2010). Long term goals include maintaining of consistent provision of quality health care that is accessible and equitable in a way that is socially and ethically acceptable. Of the main tool used to achieve these goals is finding channels and means to fund the provision of health care.

According to Robinson (2014) coming up with a strategy aids in keeping away from sending various distinct set of information to donors. It aids in putting away in-house rivalry for income, to keep away from piecemeal endeavors, to organize the need to lift income mobilization abilities and endeavors at all levels of the element and to make a feeling of joint proprietorship and responsibility, and prompts to better-arranged, in advance pipeline income. Having a methodology helps in distributing income where they are most required, and at last prompts to complete Program conveyance and high effect.

A lot of organizations have approaches and mechanisms in place for income mobilization. Now and again, these are passed just inside, at the level of the official head or the representative and at different times they are displayed to the authoritative organs for endorsement. For the most part, they are upgraded occasionally (Culpeper, 2009). However, a lot of those organizations that have not put in place revenue mobilization strategies maintain the importance of having them so as to efficiently maintain revenue mobilization.

According to Roy (2011) mobilization strategies make less demanding the way toward finding a source of outer financing and arranging credit to complete a development program. The initial segment of the procedure is to build up a revenue

mobilization approach. In a developing nation, this will be an essential part of a general strategic arrangement. The main steps in the methodology are establishment of the key developments required; structuring financial development needs with regard to more extensive national, local and global objectives; establishing a comprehension of latest strategies, projects and needs for improvement help exercises from the important national powers like the finance ministry, arranging and foreign issues; distinguishing potential sources of financial assets; exploring the approaches, projects, needs and techniques of potential benefactors; introductory contact with potential donors to define plans, the requirement for help, and the partner support accessible if donor support is accessed; formal accommodation of the demand for help, assessing the issues in regards to capital and venture spending plans and taking after the methodology required by the benefactor; follow-up to check progress and the requirement for extra data and once endorsed, finish formal understanding and move to the phase of implementation, putting in place the required finance related administration procedures and frameworks.

In Kenya, the legislature is given the responsibility to ensure that the county governments have adequate support and resources to enable them to carry out their activities. There is strong emphasis on capacity building. According to county government act 2012, the county government shall be responsible for the administration and utilization of the county government assets; while guaranteeing fair sharing of accessible assets all through the county and secure and create natural assets in a way that adjusts national and county government goals.

2.3 Effect of County Collections on Socio-economic Development

County collections are described as the sub-total of all classifications gathered from various sources like market duty, fines and punishments and parking charges (Republic of Kenya, 2008). The core aspect of decentralization is that decentralized governments ought to, for the most part, be in a superior position than the national government to distinguish local needs, and to convey public services likewise (Brewer, Chandler & Ferrell, 2006). Given this foundation, the local administrations are urged to recognize and raise income from local sources in the form of rates, tolls, tax on property, charges and fines among others to improve their finance base for development of the county. Notwithstanding the Internally Generated Funds (IGFs), the local governments are required to form out undertakings and projects that relate to decrease in poverty in their areas (Bray, 2008).

A solid local income base is fundamental for the maintaining of decentralization projects. County income shapes a center method for building a free and responsible county administration framework (Republic of Uganda, 2010). Local governments with solid income collection have more prominent degree for self-governance, and are more receptive to the necessities and needs of their residents (Waema, 2005). The constitution accommodates different sources of county income to which fluctuate from region to region in view of the financial practices, natural assets, in addition to other things.

County governments in developing nations get their income from two central sources, income resources allocated to them from a more elevated government, and assets gathered and held in the territory itself. Income originating from the national government (national, regional, and/or state/provincial) is called transfer payments

(Jeremy and Fraser, 2003). The tenets concerning administering of the stream of funds transfer are a section of the laws on inter-governmental monetary relations. Transfer funds are regularly distributed from a particular income source that is controlled by the national government e.g. a national value added tax, tax on income, or oil incomes, (Blazek, 2005).

The arrangement of transfers assumes a crucial part in drawing together alternate components of the inter-governmental monetary framework, compensating for all gaps that own source incomes and income sharing can't meet, not undermining local tax effort, making motivators for externality producing spending that county governments would not finance out of their own sources, not undermining impetuses for trustworthy municipalities to obtain, etc. (Khadingala & Mitulla, 2004). All these require a deliberately executed structure of transfers, utilizing diverse instruments to seek after various goals and ensuring these instruments don't conflict with each other.

The initial move towards expanding income from any source is to investigate current accumulations and distinguish the reasons why the county government might get less income than they ought to from the source (Norton, 2003). Enhancing property enrollment and updating tax rolls is tedious, yet high income affects action. To build income from county expenses/client charges, there are a few potential outcomes to expand the billable utilization of the service, guarantee that clients are charged completely, and all billings are gathered and increase the level of expenses or client charges for the service (Harrison, 2008).

If expanding own source income does not appear to be an especially simple thing to do, decreasing consumptions is additionally troublesome. County government spending plans are constantly tight. County leaders have more thoughts regarding

things they might want to do than assets to do them. In the meantime, it might be less demanding to embrace politically troublesome measures to expand own source income if county leaders can at the same time show that they are bringing their consumptions under control by genuinely looking for approaches to conserve (Abonyo, 2003). Unquestionably, investors that are thinking about loaning cash to a county government will need to see confirmation of monetary obligation, and effectively decreasing consumptions is the brilliant standard for financial duty (Abonyo, 2003)

County government spending can be characterized into two that includes discretionary and non-discretionary expenditure. As the names suggest, discretionary expenditures are those that are not completely required to be made amid a spending year, while non-discretionary expenditures are those that must be made. Beginning with the last mentioned, non-discretionary expenditures typically include some sort of legitimately restricting duty upon the county government. Such duties incorporate advance or security reimbursement plans. Work contracts with existing county government staff, either through individual contracts or general standards of business and remuneration (Hazel, 2005).

Client charges for utilities, for example, power, water, and media communications typically in light of a similar use rate as in the earlier year. Rental or lease agreements for facilities or equipment, if it is unrealistic to end the agreements inside the spending year; and contracts with outside service suppliers, for example, consultants and construction contractors in the event that it is impractical to end them inside the spending year. There could be others relying upon the particular circumstance of the

county government, yet these are the major non-discretionary expenditure headings (Klein, 2004).

Discretionary expenditures can be a great deal more different. Generally, they are expenditures for anything that is not significant to the operations of the county government. Clearly, the line amongst discretionary and non-Discretionary expenditures is not clear since it can change as county approaches change. In essence, changing conditions may make it basic to employ extra staff, or utilize more power, or lease another dump truck, yet the best gauge of discretionary expenditures in any given year is to subtract the non-discretionary things recorded aggregate expenditures (Khadingala & Mitulla, 2004).

Controlling discretionary spending is the undeniable first focus for diminishing general uses. In any given year, it is likely that a county government is doing some measure of discretionary spending, that is, more than is required by restricting legal duties. All things considered, it is difficult to decrease consumptions that have a history and a constituency that presumes continuation. In situations where there has been an expansion in income either own source or transfers, it is to some degree simpler to abstain from expanding discretionary expenditures, or possibly expanding them not exactly the expansion in income. Whether limiting increments or really decreasing expenditures, it is fundamental that political leaders consult generally with key partners and constituents to clarify the explanations behind their monetary restriction, comprehend concerns, and achieve expansive accord on these measures (Gordon, 2010). This is much simpler to carry out if the budget preparation and endorsement process is participatory from the onset. Through specialized help, USAID can assume a part by helping county governments create and apply

participatory budgeting activities which are basic in U.S. state and county governments (Odhiambo, 2005).

Participatory planning is likewise essential with a specific end goal to decrease in non-discretionary expenditures after some time. While these uses depend on lawfully restricting responsibilities, there are areas where economies where this might be accomplished. Among the most straightforward are investment funds on utilities. It might be conceivable to lessen the county government's power expenditure by introducing more effective and efficient street lighting and water pumps. It might be conceivable to decrease water charges through water utilize awareness activities and repair of water taps, toilets, and standpipes to lessen wastage. Debt service costs ought to likewise be examined. It might be conceivable to lessen debt service costs depending on whether they can be renegotiated at lower loan rates. In the more extended term, it might be conceivable to limit the development of county government staff levels or even lessen the level of attrition and abstain from increasing lease costs by utilizing equipment more effectively and efficiently (Njambi, 2003). By making impetuses for cost cognizant administration of staff and equipment, county government leaders can, after some time, decrease the level of non-discretionary consumption. Be that as it may, it is frequently important to make debt refinancing charges, energy proficient measures, or water awareness activities so as to accomplish savings. USAID can help county governments with investigative support to look at the tradeoffs between organizations as common and making vital, cost saving ventures (Kidd & William, 2006).

Budgets provide managers and trustees with the tools to achieve their monetary objectives (Fowler, 2004). The planning process culminates in budgets, which is the

commencement of a good management system (Kubasu, 2003). Many local governments in Kenya lack sound budgeting processes, both at the organizational level and within programs. The utilization of the budget to control finances and prepare for over or under consumption is a basic component in administration. Jeremy and Fraser (2003) express that a decent spending plan must be practical considering, past experience existing conditions and conjectures of the future. Book-keeping data is an essential instrument in basic leadership and asset assignment. It takes after that appropriate administration of the business can't happen in a circumstance where funds related exchanges are not followed along and reported precisely.

The spending procedure is a generally transient measure that is only one element in the general business methodology (Brookson, 2002). It is a strategy that is utilized as a part of the execution of the exercises and projects for which administration has gotten ready for. Businesses get ready for the long haul utilizing the key arrangement; while for the temporary, they utilize the operational arrangement (Robbins, 2005). Keeping in mind the end goal to put into practice the operational arrangement, the business must consider proper planning strategies to work out, what to do, when and the fundamental control including spending procedure to guarantee that expected results are really accomplished (Brookson, 2002). Budget process is the strategic utilization of the operation plan. It is included in the operational planning and the control process. The businesses pick key choices that will make long haul arrangements to actualize these procedures. These long haul arrangements are then converted into the departments planned yearly operational arrangements (Schemerhon, Hunt & Osborn, 2003).

The organizational strategy is the roadmap of where the organization wants to be within a certain period normally three to five years. The organization's strategy normally identifies courses of action (Robbins, 2005). This normally involves amongst others an assessment of the environment in which the business functions in and the resources it provides. An organization has the responsibility to review its mission statement, its specific goals and activities for achieving the mission.

Antony et al (2004), states that given this specific plan of action, the organization must then evaluate the market for the coming year. Workers and the board must take part in every period of the planning procedure that influences the details for which they will later be responsible. For many local establishments' planning and monetary administration are exercises that divide as opposed to uniting the business (Bowman, 2003).

Checking of the financial plans through variance analysis would help in making an interpretation of theoretical objectives into controllable parts. It will likewise encourage coordination and collaboration between the different projects and monetary divisions. The budget, once embraced, is utilized by the workers as an administration device to gauge operational execution. Upgrading of spending plans when circumstances change, improves its esteem as a checking framework. Comparison of intermittent spending with genuine budgetary execution can uncover issues and ought to permit the board and workers to react rapidly to changing finance related conditions. This gives an estimation of budgetary execution in connection to the NGO's desires (Bowman, 2003).

Furthermore, the budget ought to give pointers to gauging workers execution and give them objectives to reach and procedures to accomplish them. Precise following and

arrangement of program consumption levels increase an administration's capacity to give an account of administration endeavors and achievements (Bowman, 2003). Operational choices and financial choices must be properly checked. Operational choices concentrate on obtaining and utilization of rare assets. Financial choices concentrate on the most proficient method to get the financial resources to procure assets. Then again, there is a characteristic propensity to accentuate cost control due to vulnerability; the existence of such controls can now and again derail inventive reactions to an adjustment popular for businesses' services (Antony *et al*, 2004). The board and senior workers ought to give direction with regards to the convenience and adaptability of the financial plan. The planning procedure and the consequent utilization of the financial plan as a strategy for budgetary execution ought not to eclipse the capacity of a business to react to the pace of quick change in society (Blazek, 2006).

Taxation refers to collection of compulsory transfers from citizens and firms including the excise and duties due on international trade transactions. (NEPAD policy research report No.3, 2012). Taxation is not only concerned with raising the quantity of revenue but also aims at providing a suitable and predictable fiscal environment that is conducive for economic growth. A balanced tax system which relies on a broad set of taxes is necessary to achieve equity and to promote dynamically efficient redistribution of wealth. An efficient tax administration can thus be a vehicle to enhance state-society relationship and to strengthen government accountability to the public.

2.3.1 Property Revenue Collection

Property tax is a yearly tax imposed on genuine property that is obvious and stationary. Regularly, it is a local government tax exacted chiefly within urban settings. It accounts for less than 0.5% of the Gross Domestic Product (GDP) in numerous African nations (CMI working paper, 2012). In the 1990s, taxes on property represented 40% of all sub-national duties in the developing nations (Bird & Slack, 2002); however, this is seen as less in most African nations. This implies that African countries collect less property tax as compared to countries in other continents. For instance, in Tanzania town councils, between 2006 and 2008, taxation on property accounted for 10-30% of internal revenues (Fjeldstad *et al.* 2004), and approximately 20% in South Africa (Bahl & Smoke, 2003). In addition, in Ghana, taxation on property accounts for about 14% of the total incomes of local authorities and an average of 6.1% in local councils in Sierra Leone and fewer than 10% in Gambia. In Liberia where local authorities are not permitted to gather income, property taxation represents around 1% of the aggregate incomes to the national government (Jibao, 2009).

There are various constraints that determine why tax on property is not highly exploited as a source of revenue in African nations. According to Bell & Bowman (2006), underdevelopment of property markets, out dated property registers and evaluation rolls and limited administrative capacity and equipment are the factors contributing to less property tax collection in Africa. They also contend that narrow tax base and the absence of political will to implement property tax contribute to less exploitation of property tax.

Mikesell (2002) contends that the reasons are significantly more political than financial. Initially, the trouble and cost of directing a fair property tax is overstated by those more acquainted with income and consumption taxes than with property tax collection. Second, in many nations, the property tax has capable political adversaries because the tax affects wealthy individuals directly. This in most cases is an expensive affair and is not easily welcomed by the rich. Individuals with significant riches more often than not have political influence and utilize the ability to defeat taxes that directly affects their investments. The consequence is that taxes are paid on a base that regularly looks somewhat like the genuine level of property estimations (Franzsen, 2007).

It is however not established whether the said challenges facing property tax collection are similar to the county governments in Kenya. Basing on this overview, this study sought to determine the challenges facing implementation of local revenue mobilization strategies in Counties in the North Rift region.

2.3.2 Natural Resource Rents

Various Sub-Saharan nations are well endowed in natural resources such as oil and different types of minerals. However, in many nations, extraction of these important resources has not yielded the benefits enjoyed by other revenue-rich developing and industrialized nations (Culpeper, & Aniket, 2008). Certainly, revenues from these resources have often been regarded as more of a curse than a blessing. Existence of natural revenues in African countries has instead fueled ethnic conflicts, increased foreign debts and corruption among other ills including cultural erosion.

In fact, availability of natural resource revenues has increased dependency rate of Africa's countries on foreign assistance. For instance, importation of experts and machinery exposes African countries to risks and expenses rather than enjoying the benefits of the revenues. If African countries will continue relying on external assistance to extract its rich natural revenues, then the output is more likely to benefit foreign developed countries than the owner countries. Therefore African countries need to come with strategies of investing in its human revenue and establish a capital base necessary for revenue exploitation.

Few Sub-Saharan nations except Botswana have set up the monetary administration and the political and social culture that is required for more fitting stewardship of natural income rents. However, Collier, (2007) argues that local activities alone are probably not going to determine these issues. He contends that international cooperation need to make headway against the natural revenue risk, through more noteworthy transparency and equity in designating income concessions, setting up sovereignties and deciding related government consumptions.

2.3.3 Licenses

These are official documents which give one, authorization to claim, do or utilize something ordinarily after cash has been paid (Al Hassan, 2011). Permits form part of the tax element of the current revenue of the administration. They are used to finance general expenditure. They are issued on for a host of items and activities at county levels. These include: beer and wine sellers, hawkers' license, self-employed artisans and petroleum installation among others.

2.3.4 Raising Revenue from Stocks and Bonds

Engaged by the local Authorities Act section 222, local authorities can obtain finances to execute their activities (Mboga, 2009). In addition, as stipulated in section 223, local authorities can issue stocks or bonds. To the contrary, these important financial facilities have not been much utilized by County governments in Kenya. The study sought to establish barriers to utilization of these services at county levels. Strategies need to be initiated by county governments to assume the issuance of bonds and stocks.

Accomplishment in issuance of bonds or stocks will open local authorities to a more elevated amount of investigation than they are used to as no private firms will loan to a local authority whose funds are overseen without clarity. This therefore calls upon county governments to scrutinize and correct books of accounts through enhanced monetary administration.

2.4 Effect of Revenue Mobilization Training on Socio-Economic Development

Training alludes to an arranged action meant for enhancing worker's execution by helping them understand a mandatory level of comprehension or ability through the impartation of data (Forgacs, 2009). In addition, Armstrong (2009) also describes training as an application of the formal process to invert knowledge and skills that are pivotal to the realization of high output levels. It is the process of increasing knowledge and skills of employee required for the efficient performance of a particular job. Conversely, development involves the assistance of discovering that endeavors to expand the worker's ability and learning for future duties and assignments.

Specialized help and training are critical parts of support to tax mobilization in developing nations and they are for all intents and purposes constantly incorporated into aid programs. They can be either given in kind or through financing for tax ventures/programs. The fundamental objective of these exercises is to unwind limiting imperatives inside general society organization, while in the meantime illuminating government strategy, supporting trade of data between nations and invigorating level headed discussion around tax issues (IMF, 2013).

Horwitz (2008) notes that skill deficiencies are a risk to financial development. He contends that maintenance techniques are basic in an international market that has experienced a low number of trained employees. Therefore, along these lines, it is vital for business, government, public and private sector stakeholders to address this basic segment of worker retention for enhanced competitiveness and service delivery.

Millvier (2005) carried out an empirical study to determine the effect of staff training in monetary collection on service delivery different cities in the UK. The study used regression analysis among 70 respondents from 10 different cities. The results of the study revealed that tax collection improved with improved staff training. This is because highly trained staff is more motivated in their work thus ensuring that collection of revenues is done.

Griffin (2000) carried out a study on the influence of training in revenue mobilization on work performance in the tax collection sector. The information of the study was acquired from the survey on 185 individual tax officials in Zonguldak city. In line with the assumptions, the outcomes when all is said in done showed that the central aspects of remuneration impact key results like occupation fulfillment, attraction, retention, execution, skill acquisition, co-operation, inspiration and turnover

expectation of workers among staff that are utilized to help with accumulation of income.

Ramaswami and Singh, (2003) analyzed the relationship between staff training of tax collection in the tax department. The study was carried out on a random sample of 20 parking attendants in China. The results of revealed that job performance in the tax collection sector and hence collection of revenues was determined directly by extrinsic elements such as fairness of the latest training practices and ability for training. In spite of the acknowledgment of pay valence for workers when all is said in done dissatisfaction with training plans remains prominent in employee surveys.

While local authorities in Kenya have a tendency to have a substantial staff supplement, they likewise encounter a high turnover of experts and specialized staff. This is because of the absence of motivators, inspiration and struggle between local authorities and the Public Service Commission (Economic Survey, 2005). The high turnover of the most qualified experts in the local authorities is both a cause and a side effect of the level of corruption and wasteful aspects that they are confronted with. Other than the inability to give administrations to tax payers and inhabitants of urban centers, the other property of most local authorities is their intermittent inability to pay their laborers expeditiously (Odhiambo, Mitullah & Akivaga 2005). Some council employees have turned to industrial action including boycott of duties to guarantee that they are paid back wages. In this circumstance, the employees' morale does endure as well as the tax payers are unduly hindered since administration conveyance is upset, deferred and underprovided.

Orale (2008) did a study on performance management activities in the Kenya local government sector in the City Council of Nairobi and found out that organizations

have to build up strong culture in the organization for success, arrangement of the performance management framework and the current frameworks and techniques of the association (Nzuve and Njeru, 2013). The organization leadership has to be committed to performance management, the council should involve its stakeholders and there should be continuous monitoring, feedback, dissemination and learning from outcomes.

2.5 Effect of Revenue Mobilization Technology Adoption on Socio-Economic Development

Technology adoption is key in improving the efficiency and effectiveness in revenue mobilization. No doubt the traditional kinds of paper forms always will be an essential part of the tax administration system (UNCTAD, 2008). Through technology adoption, a tax collection agency will be able to meet their revenue collection targets as there will be less tax avoidance and evasions. Technology in the tax framework falls under the Public Administration part and its target to enhance the productivity and viability both at national and local level.

Panday (2006) carried out an empirical study whose main goal was to establish the influence of adoption of technology on revenue mobilization in India. He used regression analysis among a random sample of 20 local governments in the country. The results of the study revealed that for government to compare in execution with the development and desires of its constituents, it should significantly build its financial profundity without causing expensive repeating overheads. Panday (2006), in his study on use of technology on revenue in Malaysia collections using 120 questionnaires distributed to employees of the county revenue. He further noted that technology adoption through systems automation, have been seen to be fit for

acquainting bigger efficiencies with accumulation of street parking fees that can enhance the income. Implementing technical arrangements towards the vital objectives for the government is a key stride towards guaranteeing effectiveness in the collection of street parking fees.

Butt *et al.*, (2011) carried out a meter analysis in Pakistan among a random sample of 15 local counties using qualitative analysis. The main goal of the studies was to determine the effect of technology adoption on collection of revenue in the counties. The results of the studies revealed that modernization and technology adoption in the tax system had a significant impact on collection of street parking fees.

Teera (2002) examined the level of technology adoption in the tax system and structure of Uganda to assess the elements affecting tax revenue mobilization. He utilized the time series data of the period 1970 to 2000 and assessed a model. The outcomes demonstrated that use of more technological reforms in the streets enhanced the amount of revenue collected through licenses, fee and taxes.

In a study carried out by Muriithi and Moyi (2003) tax reforms and adoption of in Kenya. One of the main goals of tax reforms in Kenya was to assure the harnessing of the tax system in order to address the challenges related to the evasion of tax by various individuals carrying out business in Kenya. These goals would be attained by the implementation of tax policies that are aimed at ensuring that the yield of individual taxes is in line with the changes in national revenue. The study by Muriithi and Moyi (2003) implemented the notion of elasticity and flexibility to establish the effect of adoption of technology in Kenya on the attainment of these goals. The aspects of elasticity and flexibility and calculated for the pre-reform time as well as

the post-reform time. Findings have shown that adoption of technology had a positive and significant effect on the overall tax framework and on the collection of income.

Odundo (2007) did a study on change management practices in adopted technology by the Kenya Revenue Authority (KRA) in its transformation and renovation programme. The goal of this study was to establish the technology change management practices adopted by KRA. The study was conducted through a case study of KRA. It was found that there have been a lot of technological changes in the firm that have prompted the management to effectively manage change. New departments have been created, others merged while others split in a bid to deliver better services to clients and thus ensure efficient collection of revenue.

Sigey (2010) carried out a study on the effect of automation as a technological strategy on collection of revenue by Kenya Revenue Authority. The study was carried out using 10 parking spots in Nairobi. The study adopted regression analysis for analyzing data. The objective of the study was to determine the effect of automation on collection of street parking fees by KRA. The study sought to determine the effect of automation on; efficient tax collection, improved performance of staff collecting street parking fees; what influence the enhanced skills have had on tax collection and tax collection practices. Based on the findings of the study, it was concluded that with introduction and use of technology there has been enhanced productivity, enhanced efficacy, enhanced collection, cost reduction and enhanced control and management.

2.6 Effect of Stakeholder Collaboration on Socio-economic Development

Both academic and policy communities describe stakeholders as individuals, groups and organizations that have a particular concern or stake in the specific issue (s) at a

given time and they may include providers, partners, clients (beneficiaries), and any other concerned parties, (USAID 2011). In addition, the UN (2001) defines stakeholders as any group or organization which may affect or be affected by the issue under consideration at a given time.

Given the definition of the stakeholder, stakeholder collaboration or partnership is another tool that can be used to reinforce the network of county government. Research in public management over the past twenty years has established the solid level of relationship among local governments and non-governmental stakeholders in the acquisition and provision of public services, (Agranoff, 2003). Local governments progressively participate in intuitive policy making exercises to empower non-legislative partners to voice their concerns and views in on decision making (Denters *et al.*, 2003; Edelenbos and Klijn, 2006), what's more, to arrange and manage their activities in inter-organizational service delivery (Agranoff 2003; Walker *et al.*, 2007; Thomas, Poister and Ertas 2010). This study is aimed at examining whether and how stakeholder involvement in revenue mobilization policy by local governments impacts on various aspects of socio-economic development. The aspect of stakeholder involvement by governments and public organizations has been stated to as 'collaborative governance' by Huxham and Vangen (2000), 'public participation' by Rydin and Pennington (2000), 'deliberative democracy' by Feldman *et al.* (2006) or 'interactive decision making' by Edelenbos and Klijn (2006) and its practice has been broadly reported in different policy divisions (Flynn and Kroeger 2003), transportation (Thomas and Poister 2009), and urban development (Agranoff 2003). Scholl (2001) notes that, stakeholders are non-governmental stakeholders who can influence or be influenced by the execution of the strategies.

The objective of stakeholder collaboration is to expand the execution of policies or strategies with regard to the service outcomes and results for the customers whose conditions these approaches target (Provan and Milward, 1995, Percival, 2009, Keiser and Miller, 2010). Through inclusion of partners in the processes, governments and public organizations make access to data and assets that partners have, and strengthen support for their policies or strategies. Undoubtedly, Freeman and Langbein (2000) point out that the larger part of observational studies shows an incremental impact on the performance.

In particular, recent research has drawn attention to the costs that may condition any positive effect of stakeholder involvement on service outputs and outcomes. Provan and Sydow (2008) posits that there are risks or costs incurred in process of sustaining and enhancing associations with various partners. These costs can be in the form of time, opportunity and increased time for decision making (Coglianese 1997; Agranoff 2006). A major concern is that these costs could increase especially at higher levels of partner or stakeholder involvement. In addition, the advantage of getting access to significant assets and building strategy support may, conversely, lessen at more elevated levels.

The principal methodology, access to data and assets, is a key thought process in governments to include partners in the strategy making process. This mechanism is studied from two viewpoints. From the viewpoint of the public executive, partner involvement constitutes a key task, which critically affects program performance. An important branch of the performance management literature (Boyne et al., 2006; O'Toole and Meier, 2004; Hill and Lynn, 2005; Nicholson-Crotty and O'Toole, 2004) focuses on stakeholder involvement as managerial networking.

2.7 Effect of Revenue Mobilization Infrastructure Development on Socio-Economic Development

A sufficient supply of foundation services, has for quite some time been seen as a key element for financial performance, both in the scholarly writing (Aschauer 2009) as well as in the policy deliberation (World Bank 2014). Moreover, Merna & Njiru (2002) point out that financing public infrastructure is a critical issue, particularly in developing economies where budgetary surpluses are hard to accomplish and wage streams are helpless against worldwide strengths. As a result of low income in emerging economies, particularly in Sub-Saharan Africa, savings are low and thus investment is low. Canning and Pedroni (2008) carried out an analysis on a number of countries from 1950 to 1992. They found out that infrastructure does not tend to bring about development eventually despite the fact that there is a difference among nations. Infrastructure is under-supplied in a few economies and over-supplied in others.

Revenue mobilization in emerging economies might not have the vital framework to actualize property taxes viably. For instance, Moore (2013) notes that property registers, which are the reason for the appraisal of the property tax, may contain outdated data and may require considerable human and money related assets to be redesigned

2.8 Challenges Facing Implementation of Revenue Mobilization Approaches

There are various challenges that face Domestic Revenue Mobilization (DRM). For instance DRM in most cases is faced with legislation constraints. In the United States for instance, Congress has statutory authority in fiscal issues, makes budgetary

decisions through an intricate framework of specific committees of both houses, and is able to access broad expository support in the congressional Budget office (Osoro, 2010). However, the United Kingdom's parliament has relinquished the privilege to take budgetary activities to its executive, does not have particular spending panel and has no parliamentary spending office to give systematic support.

On the other hand, parliaments in East African nations mirror the United Kingdom's model, ordinarily alluded to as the Commonwealth parliament show. Be that as it may, a few alterations have been made at times. For example, in the Uganda parliament, the responsibility of the legislature in public finance was improved by the Budget Act 2001 which allocated it responsibilities like those of the United States' framework. The parliament of Uganda has control to make budgetary decisions, as well as to mobilizing local incomes. Like the United States' framework, it additionally has access to specialized systematic support in parliamentary Budget office. There are signs those different parliaments such as Rwanda and South Sudan which are in the process of embracing the Uganda framework. In Kenya parliament have extra powers that empowers them assume a vital part in domestic finance asset mobilization.

Parliament oversight accommodates an observing responsibility and supervision of executive units under which the mobilization of local income capacities fall. Parliament is required to screen the execution of government projects. Osoro (2010) notes, that in Uganda for instance, the government intermittently receives details regarding the performance in terms of mobilization of local incomes. Along these lines parliament can assume a responsibility in guaranteeing that the government performs well and can make suggestions that can impact on performance of domestic resource mobilization. Be that as it may, its responsibility pivots many on the level of

detachment of powers and regard for the capacity of every arm of the administration by the different players.

The other constraint that most African countries face in DRM is lack of investment opportunities. Osoro (2010) argues that lack of investment opportunities in Tanzania has negatively affected DRM. According to Pollin, (2002) investment creates its own savings. Therefore countries that have few investment opportunities end up saving little. At the point when investment funds are low, it may be hard to kick off the underlying period of self-managing capital collection.

Flandez, (2013) in his study argued that management of risk has risen as a basic part for income mobilization as associations need to manage increased risks connected with raising income from non-state elements. As a result of diligence processes and strategies for managing potential corruption, offense, misappropriations and budgetary wrongdoing are high on the plan of both associations and their benefactors. While benefactors might want the associations to retain every one of the expenses of relieving the additional risks, the last might want to pass on to the donors at any part of those expenses. In numerous associations, the due ingenuity process is performed by similar people who are mobilization incomes from the substances subject to the due diligence, which speaks to an irreconcilable situation. Assigning separate units which perform due diligence with the association of different units or departments will prevent such clashes. Streamlining the execution of regular due ingenuity steps with the goal that they are not repeated independently by every association would build productivity.

According to IRIN, (2011) government policies and political environment increase administrative formalities for communities to externally mobilize revenues. In case

there is political instability, benefactors will either not discharge finances or they decrease or would implement stringent measures. Government demeanor and view of NGOs have not been great in numerous African nations and a few associations have been considered by the administration as a risk. This has prompted to some being deregistered or been given limitations for sourcing finances from outside donors for instance in Ethiopia.

Muhammad (2010) contended that the tenets and directions that represent getting to and applying for government finances and incomes make it troublesome for associations to get incomes. In Kenya, for instance, an approach of financing an activity bi-annually per division is viewed as a deterrent to the income strengthening. At the point when common catastrophes happen most donor finances get diverted to help programs and numerous local projects do not have the limit or skill to embrace alleviation ventures and in this time less finances are coordinated to ordinary improvement programs.

Parks (2008) declares that duplication of incomes is found in the processes of some county activities. For instance where there are around at least ten activities inside the same region and all offer similar services to the detriment of different regions that require equal consideration. This raises rivalry among the region activities rather than collaboration and shockingly now and again these are not the regions where the donors need to concentrate on. There is additionally a test of expanded rivalry between county activities for assets particularly against bigger, county activities that are known by universal benefactors because of their contribution in aid exercises amid starvation or floods.

There is high ability impediment among indigenous county activities as far as human resources and due to having lack of enough workers then to seeking after suitable financing or incomes stays tricky to many. For instance in Kenya, it was noticed that Isinya division had around 484 CBOs of geared to address the issues related to health and poverty levels of households. In any case, just 25% of these CBOs were observed to be effectively executing ventures at small scale, the rest stayed inert because of lack of capacity to mobilize the required incomes for actualizing their goals (Beverly *et al* 2012).

Peatey, (2008) contends that numerous associations flop in the two focal foundations of good administration that is transparency and responsibility. Numerous community group activities once in a while neglect to meet the prerequisites stipulated by a nation's or donors' legal framework and this makes them lose the general population's trust. Numerous associations need sound frameworks for monetary administration, program checking and assessment and overseeing general program execution that guarantee they reliably gain partners' trust. For instance, associations have been blamed for excessive or illegal pay for chief executives and board individuals, irreconcilable circumstance in associations' transactions, non-settlement of taxes and exploitative conduct. These allegations bring doubts on the straightforwardness of NGOs and stringent measures are forced that make it considerably harder to get income.

Yunus, (2010) contended that numerous local associations' administration is confronted with the founder syndrome. This is whereby the founder (s) tends to control and deal with the undertakings of the association with insignificant interest from different other individuals. For instance, the senior individuals won't permit

other workers to participate in income mobilization activities or the leaders turn out to be excessively comfortable with the present strategies for income mobilization and are not willing to investigate other new ways.

Allen (2007) referred to deficient vital and operational plans as a main element representing a great test to effective implementation of income mobilization systems. If there are no vital arrangements that guide the association to realize what the targets are and empower the association to distinguish the incomes required implies that there will be no practical results that can be accomplished. Most vital arrangements created are for benefactor purposes only and don't mirror the real requirements to be addressed by the communities.

According to Yuwen, (2011) lack of systems administration abilities is a typical term much of the time utilized by community activities as a part of numerous African nations, yet once in a while implemented. Numerous community activities do not have organizing abilities and rather are seen competing for incomes than cooperating towards a given goal. Many donors are right now focusing on giving funds to associations that are in networks or cooperating with one another.

In addition, there is deficient awareness on accessible chances. There are windows of chances that exist inside nations that occasionally community activities neglect to take advantage of because of absence of awareness that the opportunities exist. For instance, Beverly *et al.*, (2012) notes that government incomes accessible were not accessible by civil society associations because of insufficient awareness about the accessibility and the methods required in accessing the assets.

Community activities implemented by the government in numerous nations don't have compelling administrative structures and where a board exists; they are once in a while successful in giving key authority in guaranteeing mobilization of incomes. Mavuto (2013), notes that boards should give direction and oversight to the operations. However, many of these boards don't know about their part in income mobilization. The presence and degree of inclusion of administration and administration structures in group activities impacted their capacity to mobilize for incomes. In many cases, community activities did not have administration instruments, for example, constitutions, approaches and rules and this tends to frighten away potential donors and this represented a big barrier to accomplishing development.

Janice (2008) points out that majority of community activities are confronted with insignificant communication and branding and are not ready to successfully depict well about their identity, what they do, and their accomplishments. This failure to impart implies the perceivability of the association is poor and they are not ready to adequately advertise their projects. This in the end influences their ability to mobilize incomes. Mavuto (2013) notes that in many occasions, associations lose the chance to get incomes as donors or partners don't know about the existence of the association.

In a study carried out by Thuronyi (2000), it was found that uneven tax management in Africa is a noteworthy influence to income deficits that enlarge inflationary weight while denying government's resources with which to provide public products. Uneven tax management likewise results in turning to easily mobilized taxes on foreign trade with related effectiveness efficiency loss. Wadhawan and Gray (2001) pointed out that hypothetical and empirical research on why individuals subject to tax do not

comply with their legal liabilities has been sought after by social researchers from different disciplines. The immediate advantage of fruitful tax avoidance is self-evident; it is the value of the evaded payments, containing their assets in this manner spared. Basing on the group theory, Greene (2008) ascribes tax evasion or avoidance to a norm neutralization process that is tax evaders defending their behavior by the conviction that other individual does likewise as well as the advantage they get from government fall underneath their share of the taxation rate (Holloway, 2003).

A recent research of the tax frameworks in Mozambique, Tanzania and Zambia, showed that local taxation is still a noteworthy limitation on the commercialization of smallholder farming and formalization of the little and small scale endeavors. In particular, many taxes (inclusive of fees and charges) make it hard to enter new organizations and markets. Levies are seen as over the top, frequently charged forthright independent of the size and sort of business (Misch *et al*, 2011). New local taxes, fees and charges are presented supplanting charges recently nullified by the legislature. This adds to undermining the authenticity of the local tax framework, increases tax avoidance and defers the formalization of small scale businesses. Besides, it undermines consistence upgrading activities, for example, community outreach and taxpayer training. Intervention, debasement and backwardness have made local taxes by and large disagreeable and incapable (Prichard, 2010).

Notwithstanding the numerous exhaustive national government tax changes in the last twenty years, local government income frameworks in sub-Saharan Africa have remained to a great extent unaltered up to this point, however with a few exemptions. For example, in 2003/04, Tanzania carried out an exhaustive change of its local income framework. The primary components of this change were cancelation of

unsuitable local income instruments, which were exorbitant to gather from management and political viewpoints and enhancements to outstanding income bases by rearranging rate structures and collection techniques. The Tanzanian change shows that radical changes of the local income framework are conceivable. The more extended term effect of this change on local government incomes, be that as it may, has been lessened financial self-rule and expanded reliance on transfers from the national government (Fjeldstad *et al*, 2010).

For the most part, a basic necessity while overhauling local income frameworks is more prominent accentuation on the cost-viability of income mobilization, considering the immediate expenses of income management, as well as the general expenses to the economy, including the compliance expenses. Furthermore, losses through corruption and avoidance should be decreased. Plainly, enhanced income management can't make up for a terrible income plan. In this manner, improving the income structure ought to go before the change of income management since there is very little legitimacy in making an awful income framework work to some degree better.

A first major source of missed income for emerging economies is the consequence of global issues identified with transnational enterprises. Especially governments miss a conceivably generous measure of income through transfer pricing. This practice includes mis-estimating merchandise and services that are exchanged inside a transnational corporation (TNC) or partnership among subsidiaries/ affiliates or between an auxiliary and the mother organization, mostly with the point of transferring benefits to low tax regions. Transferring mis-pricing brings about the disintegration of the tax base, through the surge of capital from high to low-tax

jurisdictions, and in this manner in lower tax income. However transfer mis-pricing is just a single of the undeniably complex arrangement of activities and practices that TNCs can and do receive to move benefits further bolstering their advantage.

Regularly transfer pricing and different practices focused on tax evasion are not illicit and they in this manner can't be entirely marked as tax avoidance. Rather, they are the aftereffect of expanded globalization production procedures, worldwide rivalry among nations to draw in capital, and the forceful abuse of hazy areas in duty laws. The last is especially essential for transnational companies that work over a few regions and that have numerous and great assets to devote to tax planning. In addition, since global participation across nations on duty matters stays constrained, for instance in the area of transparency and transfer of data, it is troublesome for individual tax organizations to control transfer mis-pricing and other tax evasion activities. This is especially valid in low-income nations where the assets accessible to the government to battle capital flight and base disintegration are rare contrasted with those accessible to transnational companies to arrange their tax matters aggressively.

While it is hard to get exact assessments of the measure of income losses because of global capital flight, different associations have endeavored to put value on them. Christian Aid (2009) estimates that transfer mis-pricing costs emerging nations \$160 billion in lost incomes each year. An examination by ActionAid into the food giant associated British foods found that by moving over 33% of its auxiliary's benefits out of Zambia, the organization has denied the Zambian government \$17.7 million since the year 2007 (Lewis, 2013). Lewis (2013) notes that, the Zambian subsidiary has generally paid under 0.5% of its benefits, in corporate tax. ActionAid (2010) additionally, they observed that SABMiller, one of the world's biggest bear businesses

situated in the Netherlands, denied African governments of as much as \$20 million every year by directing benefits to sister businesses through tax havens as administration charges and running procurement through a subsidiary situated in Mauritius. The report, which got much open consideration, underlined the innate imbalance of the present framework by demonstrating that tax payments from SABMiller's subsidiary Accra Brewery in Ghana are lower than the sum paid by a lady offering the transnational's items from a little food business in the capital.

Another vital tax gap in emerging economies is identified with tax motivators. Governments from low income nations normally offer different duty exemptions with the point of drawing in financial investors and cultivating monetary development. Such monetary advantages are far reaching in emerging economies, as tax holidays and a bunch of expense exclusions and special cases that are hard to order and control, and that in the end result in low effective tax rates. However findings demonstrate that tax incentives are not a critical driver of foreign venture, in the event that they are one by any means. Financial investors will probably be attracted by a suitable financial and political environment, great framework and accessibility of fundamental services.

A most recent IMF publication demonstrates that in Sub-Saharan Africa, tax collection is not a critical driver for the location of external firms, while other investment atmosphere variables, for example, framework, human capital, and foundations, are (Kinda, 2014). By giving tax incentives, governments in low income nations forego considerable income that rather could be utilized to cultivate the components that truly drive external investment for instance infrastructure, training and electricity. Disposing of or considerably lessening tax incentives are generally observed as a low-hanging fruit in tax income mobilization. Since a large portion of

the organizations included are as of now in the tax net, extra income could be gotten at a moderately low regulatory cost. For instance, in 2006 Mauritius removed the vast majority of the expansive arrangement of tax incentives for investment through a noteworthy tax change.

In the years after the change, both FDI and corporate tax income have developed firmly. Obviously the issue of tax incentives includes a civil argument in regards to competing approach goals that should be considered painstakingly at the nation level. On the premise of a scope of incomplete assessments, it appears to be likely that the losses of income by developing nations from profit shifting by TNCs and through tax exemptions for investors are commonly around the request of size of 20% to 30% of genuine income accumulations for every situation. In this manner, the two issues of taxation of TNCs and monetary incentives are significant reasons for the tax gap in developing nations.

A third important reason for income losses is identified with incomes created in extractive businesses. An increasing number of African nations are finding natural resources or scaling up endeavors to do as such. Hence, issues identified with how resource income is shared amongst financial investors and governments are critical for developing nations. The monetary treatment of mining ventures fluctuates broadly across nations, with various blends of royalties, duties on rents and on business benefits. The sort of lease sharing assertions amongst governments and financial investors additionally differs, with the previous at times holding just a little part of rents. In 2012, an IMF study suggested that governments are by and large ready to hold around a third of the income in the mining industry. The paper additionally gives simulations that recommend higher shares of income held by the government,

especially in the petroleum industry, in this manner raising worries over monetary administrations that can't secure such incomes (IMF 2012).

The way that activities in the extractive industry are regularly specially appointed and not extremely straightforward are likewise sources of concern. At the point when such arrangements are planned specifically amongst government officials and organizations, outside the tax framework and without clear rules, the potential for corruption and for a lower share of income held in the nation, maybe in return for political advantages, can turn out to be high. It is in this way significant to outline financial administrations and lease sharing assertions in a way that guarantees a considerable measure of income for the delivering nation. They ought to be directed by straightforward principles and rules that keep the multiplication of specially appointed understandings. The IMF counsel is by and large to join a royalty and a tax focused on expressly on rents, notwithstanding the corporate income tax connected on all organizations. This permits nations to guarantee income from the beginning of generation and to improve the steadiness of the monetary administration by guaranteeing that incomes increment in correspondence with higher item costs (Bray, 2008).

Notwithstanding, these three principle sources of missed income, emerging economies are confronted with various limitations of political, regulatory and financial nature. To begin with, political limitations are identified with the power relations around taxation. Tax collectors and duty overseers can be very capable groups in developing nations, since their particular skill makes them hard to replace. They consequently have the bargaining ability to oppose change and to escape with obtaining incomes from wasteful or even illegal tax practices for private benefit. A

particular class, likewise in people in public administration, is framed by politicians and authorities required in setting tax strategy.

Moore (2013) contends that these elites can utilize tax collection as an immediate instrument of force by favoring particular individuals or organizations, through tax exemptions and by disadvantaging others, for instance through punitive tax reviews. The likelihood of utilizing taxation as an immediate instrument of rule can give political advantages to the first class, for example, favors and financing, however it can bring about considerable income losses. At long last socio-economic groups are probably going to lobby governments to acquire monetary advantages and to apply constant impact on authorities identified with both tax approach and management. The impact and viability of these gatherings is especially high in presence of large amounts of disparity, as is regularly the case in developing nations. Notwithstanding, as nations develop, another white collar class is probably going to develop, which may change monetary legislative issues for expanded financial dealing and a more across the board utilization of social contracts. To the impediments exhibited by the capable groups portrayed here and others, are to be added more broad issues identified with corruption and administration that may truly disable tax income mobilization.

Managerial imperatives identify with the ability of tax administrations to uphold the law and guarantee consistence. Tax organization is an exceptionally definite and progressively complex area of aptitude, especially to the extent worldwide issues identified with TNCs are concerned. From a work force perspective, it is hard to discover tax authorities that have the vital ability to adequately run a tax administration with every one of its complexities. The issue of exceedingly talented authorities moving towards global associations and firms is unsuitable in developing

nations and tax administrations are no exemption. Global organizations are progressively inspired by tax matters, while tax consultancies and bookkeeping firms are growing their presence in developing nations.

These associations regularly offer significantly higher pay rates than local public organizations, notwithstanding while considering income organizations that frequently have higher compensations as for the more extensive public sector. The movement of skilled and experienced work force away from tax organization represents a genuine deterrent to enhancing ability there and in this manner to expanding tax income in developing nations. From an institutional perspective, tax powers still make deficient utilization of cutting edge tax organization activities. These incorporate, among others, the organizing of organizations by taxpayer type with a unit particularly devoted to unsuitable taxpayers; benevolent activities in light of trust and expanding dependence on self-appraisal; and the disentanglement of tax frameworks and systems. For instance a late IMF paper demonstrates that there are still chances in numerous nations to enhance tax organization, for instance by advancing self-consistence through self-appraisal frameworks and by receiving customer centered taxpayer service programs (Okello, 2014). Obviously a decent tax organization ought to at last have the capacity to uphold the law even in presence of tax evasion and avoidance, so that a balance of trust and intimidation is generally important.

Gordon (2010) notes that, political and authoritative imperatives are partly to blame for missed income with regards to land and property taxes, which are to a great extent underused in developing nations. On the political side, it is for the most part hard to present new taxes and especially so in the event that they influence the moderately

wealthier individuals who have more political impact. This would be the situation for property taxes since house proprietors are probably going to be generally wealthier people. Moreover political issues may emerge in the connection between local and central governments, as the previous normally collects property taxes. In some low-income nations, tax administration and spending at the local level is low, and central governments may have couple of motivating forces to change that circumstance by enabling local powers with a possibly huge source of income. On the regulatory side, tax administrations in developing nations might not have the fundamental framework to execute property taxes successfully. For instance property registers which are the reason for the evaluation of the property tax, may contain out-dated data and may require generous human and budgetary assets to be redesigned.

At last, financial limitations are ordinarily identified with the little tax base that developing nations can depend on. Among others, salaries beneath a specific limit are not and ought not to be taxed because of contemplations identified with poverty and fairness. This suggested that in nations where a vast extent of the populace lives in poverty, a significant share of GDP is not taxable. Also, because of low financial improvement, the industrial sector is normally immature while the agricultural sector is large. This has income implications since taxes from the previous segment are normally viewed as simple to gather because of perceivability and openness of firms, while taxes from the latter are commonly difficult to mobilize. In agricultural regions, it is more probable for utilization and generation to happen in a similar unit, especially in low-income nations. This makes it harder to track transactions and subsequently to tax them. Little domestic tax bases have pushed nations to depend more on trade for mobilization of income.

Accordingly, the structure of tax income in developing nations is frequently not steady with the structure of their economy, with a lopsided share of public assets originating from trade. While this may bode well in productivity terms, in that trade is anything but difficult to tax as it streams for the most part through a couple of known areas along the bridge, it opens spending plans to unpredictable item costs and it doesn't give degree to extending tax income. Truth be told, the universal weight to change markets infers that trade taxes will probably diminish, if not in total terms definitely as an extent of trade streams. However, Hunt (2003) pointed out that trade likewise represents a chance for monetary improvement and remains an essential tax base, so it is not the real obstruction to expanding tax income.

2.9 Empirical Reviews

Jaivier (2008) in his qualitative study among 10 randomly selected community projects and initiatives argued that finding better approaches for drawing in incomes in the local environment for instance, reserves, individuals, merchandise and ventures to bolster an association and make it self-maintaining contributed essentially to supportability in the nations. He dissected an extensive variety of techniques going from income generation plans to locally based fundraising or building volunteer constituencies that assist in guaranteeing maintainability. It discovers expression in an assortment of new methodologies which incorporate cultural, social and financial settings along these lines prompting to advancement in county governments.

Aniket (2009) meta-analysis of 10 randomly chosen local community activities found that by assembling their time and incomes, nationals, foundations, organizations, and others can expect more noteworthy responsibility for that specifically add to the positive advancement therefore guaranteeing improvement. The feeling of possession

originates from the pride and achievement of realizing that they have done their share to improve their community a place to live along these lines will dependably attempt to guarantee that they acquire more incomes to guarantee proceeded with maintainability.

Eifert (2009) posits in his subjective examination of income mobilization among 5 arbitrarily chosen local communities, that local communities can create their social capital by raising the value of social networks and expanding their eagerness to help each other as a consequence of these connections. By looking for local support, communities will probably assemble long-term associations with different foundations and associations. These connections add to the social capital inside the community that prompted to proficient maintainability in the community.

Michael (2009) observed that mobilization of local incomes builds the manageability of community activities in this way guaranteeing their supportability. As connections and correspondence amongst associations and supporters create, future support is more probable. As individuals from the community with long-term interests in community ventures, local supporters will probably keep supporting activities than external donors in this way guaranteeing reasonable community advancement in the local governments.

Keen (2009) then again contended that raising incomes locally additionally gives community activities more freedom and adaptability to execute projects focusing on requirements that they find essential. Also, local support implies that community activities don't need to alter their projects to address the issues and interests of external donors consequently they can move around their own incomes so as to guarantee more supportability. It offers people/associations an opportunity to be

required in something beneficial. It is a chance for local individuals/supporters to be included in their association's main goal and the strategy is to offer that opportunity to the individuals who are probably going to be keen on it along these lines improving development.

Blanca (2008) posits that for local governments to exploit the outlook change that is making domestic private investment another source of long-term funds for development projects keeping in mind the end goal to guarantee group maintainability; they should accomplish a monetary related condition acceptable to the potential suppliers of capital. Basically, local governments should build up a past filled with producing a yearly excess of incomes over consumptions. This surplus is then accessible to cover installments to investors that give new long-term financing to the local government. The degree to which potential private financial investors can obviously observe that a local government is dealing with its accounts to make a surplus will decisively affect their readiness to make credits to or purchase bonds from them.

Jeep (2008) found out that money related incomes are presumably the most looked for after local contribution, as they give the capacity to buy an assortment of products and services that may not be generally accessible. Contingent upon the source, budgetary incomes might be focused to particular costs or be utilized at the discretion of the association. Money related incomes can be raised from local residents, organizations, local authorities, or others in an assortment of structures and through many means, including: gifts of money, stipends from local authorities or other community associations, client charges for support in different exercises, participation levy paid

by individuals, mobilizing occasions, sponsorship of NGOs and additionally their exercises by local organizations.

Michael (2009) added that building up an arrangement or procedure for income generation can result in inventive endeavors in utilizing own local resources for gaining support for the community activities. Different sources of financing can expand your freedom and adaptability to actualize programs and decrease dependence on outside funding. With expanded rivalry for rare incomes, considering, and making alternatives for new, assorted, and numerous funding streams will help your association deal with its projects.

Asnarulkhadi (2002) expressed that the era of local incomes through saving and contributing carefully is the basic establishment of advancement for any association inside the community. The high reliance on outer incomes puts restraints on association's approach space and creates some weakness. Local income mobilization is picking up fame and is getting to be fundamental as donor incomes keep on declining. NGOs ordinarily benefit from local commitment of time from communities, manual work and money towards an improvement project. However, this is regularly not given much weight with regards to income mobilization systems. In future mobilization of local income, it will give an essential feasible long-term financing foundation for advancement ventures attempted by local NGOs.

Chapman (2008) assesses the causal association between income mobilization systems and development in a subjective investigation of 5 arbitrarily chosen community ventures. He contends that mobilization of income helps in keeping away from sending differing communications to donors. It helps prevent in-house rivalry for income, to maintain a strategic distance from piecemeal endeavors, to organize the

need to upgrade income mobilization limits and endeavors at all levels of the element and to make a feeling of joint possession and responsibility, and prompt to better-arranged, in advance pipeline incomes subsequently improving development in the areas. Having a technique helps in allotting incomes where they are most required, and at last prompts to thorough program conveyance and wide effect in this manner supportability.

Frankish (2003) carried out a study among chosen associations utilizing subjective investigation. He discovered that income mobilization methodology is critical for legitimately adjusting the association's development program with community needs, marshaling proper incomes to react to those requirements, recognizing key opportunities for cooperating and focusing organization endeavors to guarantee unmistakable and feasible effect. Activities that enhance some short-term, implied development activities as opposed to concentrating on maybe two vital regions risk having numerous little triumphs yet no single territory where they can indicate key, persevering change in the local community's quality of living. Then again, an activity that has a long-term, rational advancement plan and works in organization with the local community will have cases of unmistakable, enduring change in this way long run quality service delivery.

Beaverly (2012) carried out a study on income mobilization strategies among 5 local communities, adopting a vital strategy to community improvement implies settling on decisions, at times troublesome ones. However, the reward is an unmistakable guide of where a development program is going and how to choose what undertakings to support. It gives an organization a reasonable arrangement of criteria, developed together with the community, for certainly accepting new ventures or, similarly,

unhesitant not accepting. It guarantees that the organization is supporting projects that address genuine community needs and does as such in a way that completely influences both the organization's and the communities' capacity to make a one of a kind commitment to improvement.

Blanca (2008) researched on community maintainability and found out that associations without a solid manageability culture won't develop. A decent supportability culture exists when all individuals convey and need to comprehend and address their issues. A decent culture exists when staff individuals esteem program and supportability as two vital parts of a fruitful association and value their interconnectedness. A hierarchical culture that is adaptable helps an association in searching for approaches to amplify incomes, in finding imaginative methods for raising assets, or doing programs in testing situations. Notwithstanding, it is critical for associations to understand that the manageability of an association does not just rely on upon the incomes an association has. However it is likewise influenced by the accompanying presence of skillful workers, steady arrangements, and interior frameworks to oversee resources, an association's capacity to set up relationships with people and associations and hierarchical culture that fortifies supportability endeavors.

At the point when an association is competing for incomes and other support in a tight market place, the association's allure must be distinctive, better, less expensive and one of a kind. Frankish (2003) notes that a donor has no motivation to choose an association over another if there is no proof of inventiveness or esteem in supporting an association and accordingly, it is urgent to see an association's main goal from the

point of view of present and potential benefactors and accentuate those parts of an association's work which are engaging from a donor's viewpoint.

Alam *et al.*, (2012) conducted a study on the association between regional autonomy and local resource mobilization in Eastern Indonesia. This study addresses this question by concentrating on Indonesia's latest decentralization strategy and evaluating and breaking down the part of local government's asset mobilization on the development of the counties. Financial decentralization engages county governments to raise adequate income from local sources in this manner diminishing their reliance on the national government. In light of the information gathered from two unique areas in Eastern Indonesia, the study demonstrates that the reliance of local authorities on national government is unnecessary and that the share of local income in local spending plan has remained rather little. It likewise demonstrates that while the financial power conceded to local governments is constrained, a mix of politico-monetary and relevant elements has undermined the possibilities of mobilization of income locally.

Previous studies carried out, for instance by Juul, (2006) on decentralization of local taxation and citizenship in Senegal, concentrated on the governmental issues of income mobilization in a system of decentralization, democratization and multiparty legislative issues as experienced in the little town of Barkedji in the peaceful district of Senegal. In Senegal, mobilization of income has as of late been exchanged from state managers to privately chosen councilors. In spite of the presumption of the great administration tenet, this exchange of obligation has not brought about reinforcing of fair structures where citizens request and increase public administrations and more political representation in return for expanding taxes. In Barkedji, as somewhere else

in Senegal, compliance with tax hit an absolute bottom after tax collection turned into the obligation of local councilors.

Brooksons (2002) carried out a study on the effect of local government finances and financial management in Tanzania. This study assessed the ability of local government authorities in Tanzania as concerns budgetary administration and income improvement and examinations inclines in monetary responsibility and productivity for the period 2000-2007. The study focused on six councils in Tanzania. Information was gathered by utilizing a mix of quantitative and qualitative techniques, including two rounds of an overview of the natives ' views. The study looked to establish the level of monetary self-rule; techniques for income mobilization, budgetary administration, including planning, bookkeeping and evaluating, straightforwardness in financial and money related issues and tax compliance and financial corruption. In light of the data gathered, the study showed that the procedure of decentralization by devolution under the Local Government Reform Program has added to enhancing local government capacities with regards to budgetary administration. The study also found that the changes had decreased the financial self-sufficiency of local government authorities. Basing on this, the central governments at present contribute the main portion of local government incomes through transfers and still to a great extent decide local spending needs and upgrade arrangement of administration (Blazek, 2005).

By and by, reviews in both Tanzania and Uganda show that residents have a general view about the need of taxation to enhance local service provision. However, this has picked resistance because of absence of trust in the local government (Bahiigwa *et al.*, 2010; Fjeldstad *et al.*, 2009a). Additionally, from Tanzania, they proposed that people

perspectives on local taxation may change after some time with suggestions for arrangement plan. In view of information from 2003 and 2006, Fjeldstad *et al.* (2009) found that individuals were a great deal more positive towards the taxation framework in 2006 contrasted with three years before. Basing on this, they recommended that it was mostly because of enhancements in service delivery, especially training, health, and aspects of law and partly because of changes which prompted to less severe income mobilization. Corruption, notwithstanding, was seen by residents to be a noteworthy issue in both studies, with suggestions for their trust in government and government authorities and, accordingly, their ability to pay.

As further noted by the Department for International Development (DFID) report of 2009, the requirement for public income relies on the entire setting of public funds: levels of help, ability to acquire, and the measure of public use since there is no settled upon ideal size for the general population area, yet obviously the Millennium Development Goals (MDGs) make an expanded interest for public administrations. In such manner, governments utilize tax collection as the main source of state income to give public administrations and to improve human and financial development in their nations, it can however be seen that some emerging economies are not ready to fund all alluring public consumptions and speculations through the expense income they gather, which is the reason two-sided and multilateral benefactors give help and accordingly ease spending imperatives. These official asset inflows keep on being significant sources of external financing for developing nations, regularly being utilized to finance economically and socially fundamental public spending (Atsushi & Yasuhisa, 2005).

Developing nations likewise need to guarantee that their own particular approaches are rational and don't undermine their development needs. It is clear, in this manner, that African nations can't number exclusively on external monetary assets to meet their improvement needs. DRM and productive interest in regions that advance the basic change and manageable improvement of African nations are of most extreme significance. Compelling taxation frameworks are in this manner crucial to enhance the financial space of governments, permitting them to decide and finance national needs. All things considered, tax strategy should be seen as an inherently political issue that requires universal consideration and support to battle unlawful money related streams impose evasion and avoidance; and lessen the effect of tax asylums.

Fjeldstad *et al.*, (2000) posited that that a broadly discovered norm for local authority IGF frameworks in Africa is the tremendous number of income instruments utilized for income preparation. In many nations, local governments appear to raise taxes, expenses and different charges, despite their conceivable unfavorable financial impact.

Fjeldstad & Semboja (2001) noted that the levels and sorts of local income instruments without anyone else can bring about the taxation rate falling more on the poor than on the rich. This is for the most part because of the essential plan of the local income framework and the way incomes are gathered in many parts of Africa.

Bardhan & Mookherjee (2002) contend that a muddled and non-straightforward local government income framework is exorbitant to manage and it encourages corruption and mismanagement. In addition, numerous local expenses have a contorting impact on asset distribution choices; consequently having a repressing impact on the start-up of new undertakings and the accomplishment of monetary development. Sanders,

(2003) observed these impacts happen when compelling rates shift incredibly between various products that are transferred and when permit charges are set too high for startup small scale undertakings to survive.

Regardless of the numerous extensive central governments' tax changes, local government income frameworks in Sub-Saharan Africa have remained generally unaltered (Falleti, 2004). For the most part, an essential necessity while overhauling local income frameworks is more prominent accentuation on the cost-adequacy of income mobilization, considering the immediate expenses of income organization, as well as the general expenses to the economy, including the consistance expenses to citizens. Likewise, losses through corruption and evasion should be decreased. Obviously, enhanced income organization can't make up for awful income outline. Accordingly, improving the income structure ought to go before the change of income organization since there is very little legitimacy in making a terrible income framework work to some degree better (Fjeldstad, 2001).

2.10 Knowledge Gap

Based on the above literature review, the study has identified that approaches used by county governments in revenue mobilization was unknown. There was a gap between revenue collection approaches and county socio-economic development which had been coupled with inadequate literature particularly in emerging economies like Kenya, since most studies on revenue mobilization have been conducted in developed countries which their devolution system was not similar with Kenyan hence the findings of those studies cannot be generalized in the Kenyan devolution system.

2.11 Theoretical Framework

There are several theories explaining revenue mobilization approaches in relation to development. However, this study used Resource Based Theory and Sequential Theory of Decentralization as below.

2.11.1 Resource Based Theory

The study adopted Resource Based Theory of Competitive Advantage as postulated by Wernerfelt (1984) and was expounded by Barney (1991) who expresses that institution's resources include comprises assets, capacities, activities, institution qualities, information or data, and awareness among others. The theory was later adopted by Robert M. Grant (2001) in his attempt to describe the resource mobilization approaches for development. According to this theory, "strategy" is described as the comparison that a business creates between its in-house revenues and abilities and the prospects and threats by its exterior setting. In the context of the current study the county governments may be observed as an organization that has a revenue base that should be effectively and efficiently exploited to appreciate development. For this to be achieved, effective revenue mobilization methods must be put in place. The Resource-Based (RB) Theory, by distinction, can be understood as an "inside-out" method of approach creation.

The theory emphasizes on formulating a strategy as a way of mobilizing resources for example revenue. The theory states that the capability of a firm's incomes and competencies to support a maintainable competitive gain is necessary to the time-frame of the firm's strategic planning process. This implies that county governments should have suitable revenue mobilization strategies and approaches in order to

appreciate development. The theory further advances on ascertaining the most profitable strategies in order to minimize cost consequence and enhance productivity and efficacy. For instance, Grant (2001) contends that designing the policy about the most analytically important incomes and competencies limits a firm's strategic range to those undertakings where it keeps a perfect competitive advantage. This implies that counties ought to recognize and invest more in revenues that are more profitable to give them a competitive advantage. Moreover, the most effective revenue mobilization approaches should be embraced. Thus, it is therefore beside this contextual foundation that this study sought to evaluate revenue mobilization approaches in counties in the North Rift region. The study findings were to help identify the most suitable revenue mobilization approaches for sustained socio-economic development.

2.11.2 Sequential Theory of Decentralization

The second theory was the Sequential Theory of Decentralization. This theory was initially proposed by Falleti, (2004) who stated that decentralization is a set of state developments. Consequently, decentralization does not comprise transfers of authority to non-state players. Lastly, as defined here, decentralization reforms can take place in controlling as well as independent frameworks, which means that the theories of decentralization and democratization should not be diverged. Falleti, (2004) categorizes decentralization policies into three categories: administrative, fiscal, resource and political contingent on the nature of power decentralized. Governmental decentralization encompasses the set of policies that transfer the management and provision of social services such as education, health, social well-being, or housing to lower levels of governments.

Authoritative decentralization may involve the devolution of basic leadership power over these arrangements, yet this is not a fundamental condition. On the off chance that incomes are transferred from the middle to meet the expenses of the organization and conveyance of social services, authoritative decentralization is supported. On the off chance that sub-national governments bear the expenses of the organization and conveyance of transferred services with their own prior incomes, authoritative decentralization is not supported financially.

Fiscal decentralization refers to the set of policies designed to increase the revenues or fiscal autonomy of sub-national governments. Fiscal decentralization policies can assume different institutional forms. An increase of transfers from the central government, the creation of new sub-national taxes, and the delegation of tax authority that was previously national are all examples of fiscal decentralization.

Political decentralization is the arrangement of established corrections and discretionary changes intended to open new, or initiate existing yet ineffectual spaces for the representation of sub-national governmental issues. Political decentralization strategies are additionally intended to devolve electoral abilities to sub-national officials. As to outcomes of every sort of decentralization, Falleti, (2004) anticipated that authoritative decentralization would have either a positive or negative effect on the self-sufficiency of sub-national administrators. On the off chance that authoritative decentralization enhances local and state administrations, encourages training of local authorities, or encourages learning through the act of conveying new duties, it will probably expand the hierarchical limits of sub-national governments.

The hypothesis is identified with the study by asserting that, if regulatory decentralization happens without the transfer of assets, this change may reduce the

independence of sub-national authorities, who will be more subject to consequent national financial transfers or sub-national obligation for the conveyance of public services. Essentially, monetary decentralization can have either a positive or negative effect on the level of self-sufficiency at the sub-national level.

The outcome will depend to a great extent on the plan of the financial decentralization approach actualized. Larger amounts of programmed transfers enhance the independence of county authorities since they take advantage from more elevated amounts of assets without being in charge of the expenses of collecting those incomes. Unexpectedly, the designation of taxation authority to sub-national units that do not have the regulatory ability to mobilize new taxes can set genuine imperatives on the local spending plans, and enhance the reliance of the local authorities on the transfers from the middle.

2.12 Conceptual Framework

The conceptual framework diagrammatically describes the relationship between the independent factors and dependent factor. In this study, the independent factor or variable was the county revenue mobilization methods or approaches. These comprised County collections for example property charges, regular income rents, licenses, income from stocks and securities, area government advances, showcase levy and fees; training in revenue mobilization, adoption of technology and partner or stakeholders cooperation. The dependent factor for the study was socio-economic development in county governments. It was centered on unwavering quality and steadfastness of facilities, as of current equipment, infrastructural developments, social amenities and quality of health care services. The study likewise considered the mediating or intervening factors that may impact development at the county level.

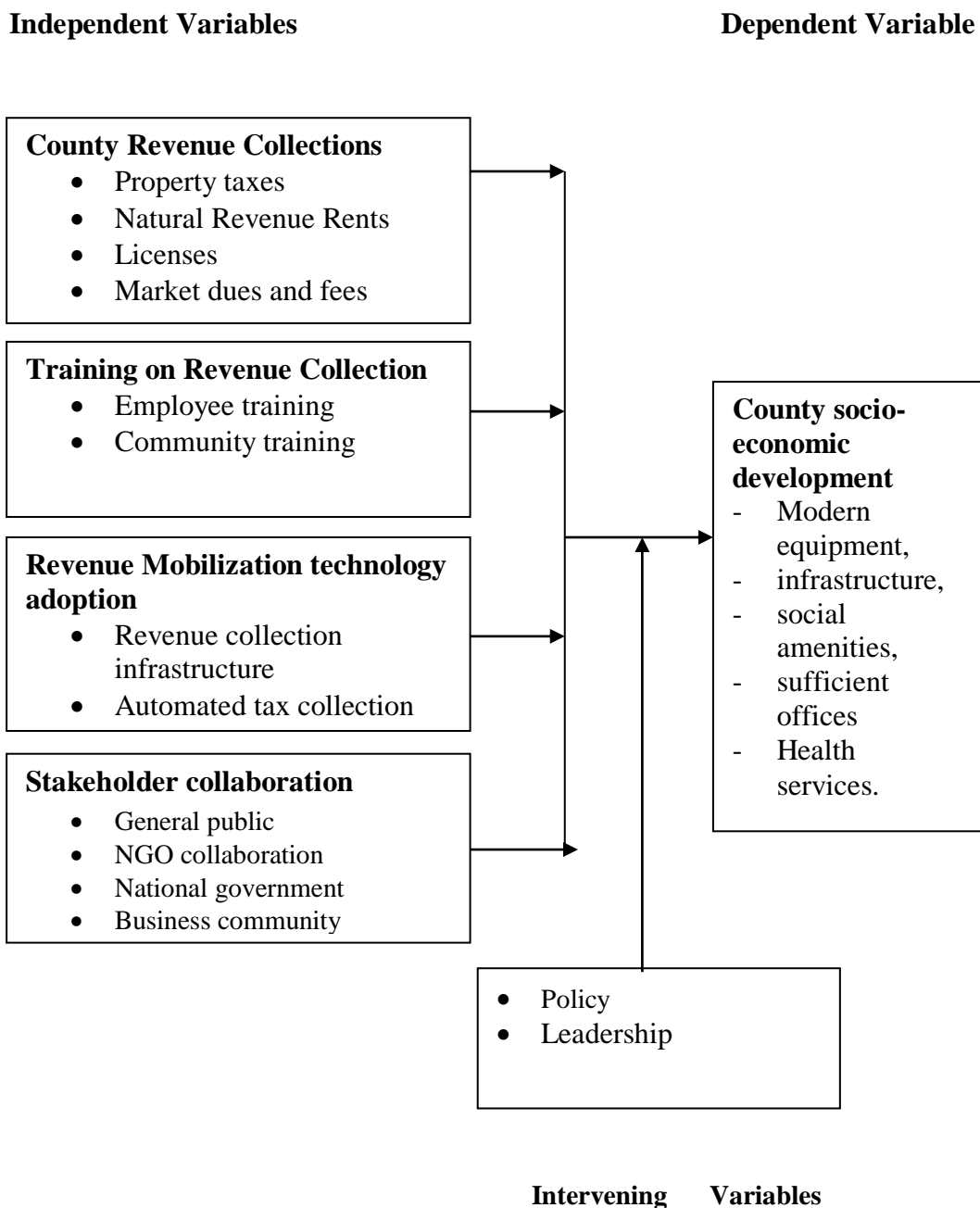


Figure. 2.1 Conceptual Framework

Source: Author (2015)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Overview

This chapter defines the research design, study area, target population, sampling design and sample size, data collection methods, validity and reliability of the research instruments, data collection procedures and the data analysis techniques. This chapter gives information concerning the processes used to obtain and analyze data.

3.2 Area of Study

The study was conducted in six Counties in the North Rift region of Kenya. These included: Nandi, Uasin Gishu, Elgeyo Marakwet, Trans Nzoia, Baringo and West Pokot. Nandi County is divided into six sub-counties namely; Mosop, Emgwen, Chesumei, Nandi Hills, Aldai and Tinderet. Nandi County is home to over 752,965 people with similar proportion of males and females (National Census, 2009). The cool-wet climate in Nandi, supplemented by the rich volcanic soils, makes Nandi an ideal area for tea, maize and sugar cane farming. Agriculture is therefore the main economic activity in this County. Kapsabet Referral Hospital and Nandi Hills sub-county hospital are the two premier healthcare public facilities in Nandi County besides private owned health facilities. The county has 30 Health Centers and 109 dispensaries. With a doctor to population ratio of 1:94,000, there is certainly a need for more healthcare human resources to cater for its residents. Nandi County has about 744 primary schools and 155 secondary schools with about 220,000 pupils and 27,000 students respectively. Several institutions of higher learning are found here

among them the University of Eastern Africa, Baraton (UEAB), Mosoriot Teachers College and Kaiboi Technical Training Institute.

Uasin Gishu County is located in the former Rift Valley Province. The city of Eldoret is the county's administrative and commercial centre. Uasin Gishu is located on a plateau and has a cool and temperate climate. It borders Trans-Nzoia County. The population was 289,380 in the 2009 census, and it is currently the fastest growing town in Kenya. The town is now home to a large market, Moi University, University of Eldoret and Eldoret International Airport. It is also known for its cheese factory. Major industries include textiles, wheat, pyrethrum and corn or maize. The town has a number of other non-agricultural based factories.

Elgeyo Marakwet County covers a total area of 3029.9 km². It borders West Pokot County to the North, Baringo County to the East, Trans Nzoia County to the Northwest and Uasin Gishu County to the West. The county is divided into three topographic zones namely: The Highlands, Kerio Valley and The Escarpment: all of them separated by the noticeable Elgeyo Escarpment. The county's total population was 370,712 in 2009 (National Population and Housing Census, 2009). The 2012 population projection was 401,989. The inter-census population growth rate for the county is 2.7 percent per annum.

Keiyo North has the highest population density of 148 persons per km² while Marakwet East has the lowest with 109 persons per km². Keiyo South and Marakwet West have 132 km² and 146 km² respectively. On poverty levels, human development indicators show that the county has 57% of residents live below the poverty line compared to the national poverty level of 46%. The levels of poverty in the county are

geographically distributed. At the escarpment and the Kerio Valley, poverty levels are as high as 67% of the population while in the Highlands, poverty levels average 47%.

Baringo County is located in the former Rift Valley Province. Its headquarters and largest town is Kabarnet. Baringo is bordered by West Pokot County to the North, Samburu County and Laikipia County to the East, Nakuru County and Kericho County to the South, Uasin Gishu County to the South West and Elgeyo Marakwet County to the West. It covers an area of 8,655 square km. The economy of the County is mainly agro-based. The main food crops grown are maize, pigeon peas, beans, Irish potatoes, sweet potatoes, sorghum, cassava and finger millet while the cash crops are coffee, cotton, macadamia nuts and pyrethrum. Livestock products include honey, beef, mutton as well as hides and skins. However, little value addition is done to these products (County Strategic Plan, 2015)

West Pokot County has a population of 512,690 (Republic of Kenya 2009 census) and an area of 8,418.2 km². The County is divided into 4 sub-counties namely West Pokot, Pokot North, Pokot Central and Pokot South. It has 13 divisions, 61 locations and 222 sub-locations. Kapenguria town is the county headquarters. West Pokot has 4 constituencies namely, Kapenguria, Kacheliba, Sigor and Pokot South, with a total of 20 wards. The settlement pattern in the County varies with the livelihood zones and the pastoral zones having very scattered settlement patterns while the mixed-farming zone having a nuclear settlement pattern such as: Kapenguria, Makutano and Lelan. Linear settlement patterns (settlement along a line) in the county have developed due to the growth of the towns being along roads, mountains, hills, valleys or rivers. Dispersed/scattered settlements, communities in the lower/drier areas are nomadic and

thus tend to spread themselves thinly over the landscapes as they settle on any available land.

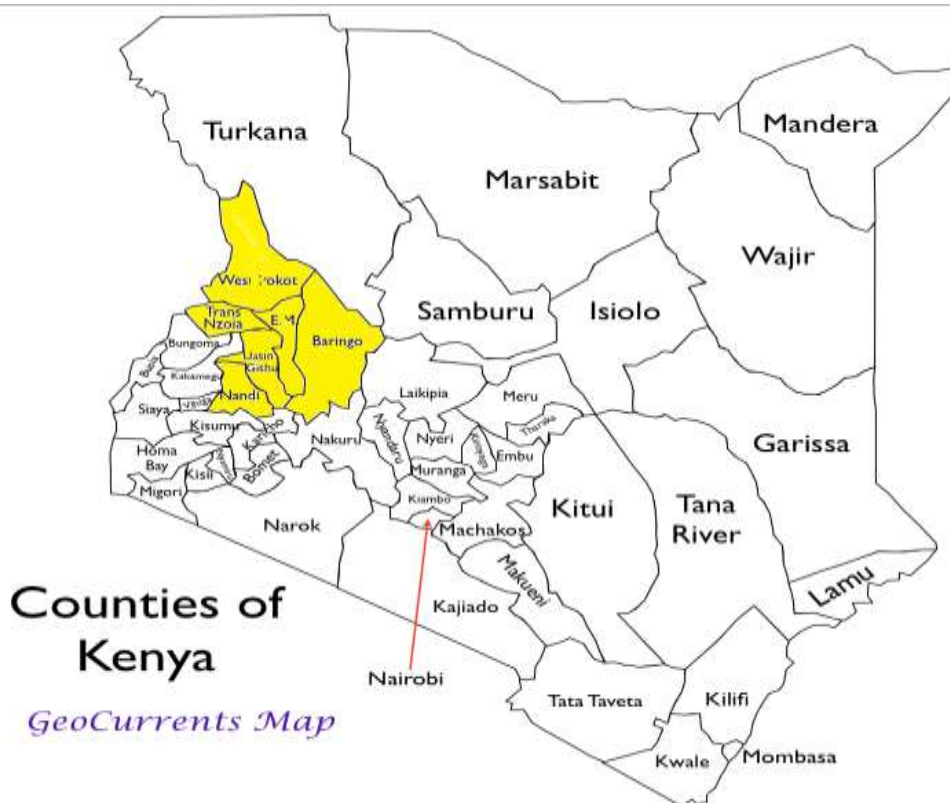


Figure 3.1 North Rift Maps

Source ([NOREB strategy paper, 2015](#))

3.3 Research Design

The study adopted a descriptive survey design with mixed approach. The design was deemed appropriate because the study aimed at describing revenue mobilization approaches for development in County Governments. According to Orodho (2005), descriptive survey designs are used in preliminary and explanatory studies to allow gathering of information, summarizing and interpretation for the purpose of clarification. It is therefore a suitable design for this study. This study design was also

adopted because it is used in determining and reporting the way things are (Gay, 2006). According to Koul (1984), a descriptive study does not involve manipulation of variables hence suitable for this study since no variable was manipulated.

Saunders *et al.*, (2007) state that descriptive studies present facts, existing conditions concerning the nurture of persons, a number of objectives or class of events and may entail procedures of enumeration and induction analysis, classification details and measurement. This research design was preferred over other designs because of its rapid data collection and ability to help understand populations from a section of it. The research design is concerned with present relationship among variables and processes taking place in the study area (Neumann, 2007; Sekaran & Bougie, 2010). The variable influences on a particular time and attitudes held by the respondents being interviewed. The survey enabled the research to collect data from a wider area in a shorter time thus cutting down on costs.

3.4 Research Paradigm

This study utilized the pragmatism philosophical approach. This philosophy concerns the rationale that selecting between one position (epistemology, ontology, or axiology) and the other is rather unrealistic in practice; and it is argued that the most important determinant of which position to adopt is the research question (Creswell & Plano Clark, 2011; Saunders *et al.*, 2009). This is particularly relevant where the research question does not suggest clearly that either a positivist or interpretive philosophy should be adopted in an inquiry, for instance, within an epistemological perspective. Therefore, in this philosophical argument, the uses of both qualitative and quantitative methods to resolve a real-life challenge are recommended. Pragmatic knowledge arose out of action, summations and consequences rather than depending

purely on coincident conclusions (Punch, 2009; Creswell, 2014). The study used pragmatism philosophical paradigm that supports the use of revenue mobilization approaches for county socio-economic development. This is because pragmatist advocates for reality. In this study positivism and phenomenological perspectives were adopted because revenue mobilization approaches and development constructs as pertaining to County governments in Kenya can be examined empirically through the use of reputable theoretical frameworks and structured instruments to assess and analyze it, upon which generalities can be made from the findings. This study used pragmatism since it mixed methods (use of qualitative and quantitative methods) and pragmatic approach involves using either of the method as long as is best suited to the research problem and not getting caught up in philosophical discussions about which is the best approach. The study has freedom to use any of the methods. In qualitative part this study used interview schedule to get in-depth analysis from county executive on revenue collection approaches while in quantitative closed questions were structured where response were converted into numerical value by scoring.

3.5 Target Population

According to Ngechu (2004), a population is a well-defined set of people, services, elements and events, group of things or households that are under investigation. The study targeted 1,640 permanent employees from revenue and planning ministries from six counties in the North Rift region in Kenya. These included: Nandi, Uasin Gishu, Elgeyo Marakwet, Trans Nzoia, Baringo and West Pokot Counties. The study further targeted 6 county governors, 6 county secretaries and 18 county executive officers, (finance, natural revenues and planning).

Table 3.1 Target Population

County	Department	Number of Employees
Elgeiyo Marakwet	Revenue	221
	Planning	60
Uasin Gishu	Revenue	220
	Planning	41
Nandi,	Revenue	210
	Planning	34
Trans Nzoia	Revenue	196
	Planning	68
Baringo	Revenue	211
	Planning	75
West Pokot	Revenue	233
	Planning	71
	Total	1640

Source; (HR Databases of Counties, 2016)

3.6 Sample Size and Sampling Techniques

According to Ogula (2008), a sample is the number of individuals or things selected from a population. Cohen *et al.*, (2011) have stated that the correct sample size depends on the purpose of the study, the nature of the population under study, level of accuracy required, and the anticipated response rate, number of variables included and whether the research is quantitative or qualitative.

Taro Yamane (1973) sample size formula and modified by Kent, (2008) was used to select a sample size of 321 employees in the planning and revenue departments in each of the six Counties as shown below;

$$n = \frac{N}{1 + N_e^2}$$

Where:

n = Sample size

N = Population size

e = the Sampling error

This study allowed a sampling error of 0.05. Thus, sample size was as follows:

$$321 = \frac{1640}{1 + 1640(0.05)^2}$$

Using this formula a sample of 321 employees in planning and revenue departments was selected. Thereafter, the Neyman's allocation formula was used to proportionately allocate employees into the 6 county governments.

The purpose of the method was to maximize survey precision, given a fixed sample size. With Neyman allocation, the best sample size for stratum h would be

$$n_h = \left(\frac{N_h}{N} \right) n$$

Where,

n_h was the sample size for stratum h ,

n was total sample size,

N_h was the population size for stratum h ,

N was the total population

Table 3.2 Sample Size

	Dept	Number Of Employees	Sample Size
Elgeyo Marakwet	Revenue	221	43
	Planning	60	12
Uasin Gishu	Revenue	220	43
	Planning	41	8
Nandi,	Revenue	210	41
	Planning	34	7
Trans Nzoia	Revenue	196	38
	Planning	68	13
Baringo	Revenue	211	41
	Planning	75	15
West Pokot	Revenue	233	46
	Planning	71	14
	Total	1640	321

Source: (Researcher, 2014)

In this study, purposive and simple random sampling techniques were used to select a representative sample from the six County governments. Purposive sampling technique was used to select six counties in the North Rift region. It was also used to select County departments that were involved in the study. These departments included: Finance, Revenue and Planning departments. All Governors and County Secretaries and were purposively involved in the study. Simple random sampling technique was used to select 321 sampled employees.

3.7 Research Instruments

A Questionnaire and an interview guide were used in data collection. Orodho (2005) observes that questionnaires have a major advantage of time efficiency and anonymity. Creswell (2014) argues that the questionnaire is a suitable tool for collecting data given a large sample size. It was on these advantages that the current study preferred to use the questionnaire over other tools of data collection. In this study, questionnaires were used to collect data from members of county departments

that were involved in the study. The questionnaires were chosen because they provided a more comprehensive view than any other research tool. Questionnaires were used to obtain primary data from the sampled population.

On the other hand, an interview guide was used to solicit for in-depth data from county governors, secretaries and heads of departments that were involved in the study. The description of each data collection instrument was as described below:

3.7.1 Interview Guide for the Key Informant

It was used to solicit for qualitative data from the county governments regarding revenue mobilization strategies in counties. According Ogula (2008), an interview guide gives the researcher an advantage to seek clarification on issues not made clear and also pursue to get insights and elaboration about the problem under investigation. It was against this background that this instrument was preferred in the study. The interview guide for the key informants was divided into two sections (section A and B). Section A contained items that solicited data on background information. Section B contained items that solicited data on pertinent information regarding revenue mobilization approaches, their capacity and challenges of implementation.

3.7.2 Interview Guide for County Secretaries

The interview guide for the County secretaries was divided into two sections, A and B. Section A solicited for data on background information. These included: their age, sex and period of service in the county government. Section B solicited for data regarding revenue mobilization approaches, influence, challenges and bearing to socio-economic development in county governments.

3.7.3 Interview Guide for governors

The instrument was divided into two sections (A and B). Section B sought for pertinent information regarding revenue mobilization strategies in each department. The items contained items that examined the extent of implementation and challenges faced in each county government.

3.7.4 Questionnaire to county employees

Huang & Mathers (2004) steps were used in developing the questionnaire where the area of investigation was defined, questions formulated, and the sample population chosen to maximize the responses. The questionnaire was preferred because it is an appropriate tool through which many respondents can be reached. The questionnaire made possible for the researcher to obtain a wide variety of responses and draw more reliable conclusions from the responses of members of the county departments. It facilitated easy and quick derivation of information within a short time. In this study both open and close ended questions were used. Close ended questions sought yes or no responses whereas open ended questions sought respondents' opinions on revenue mobilization approaches from their departments' perspective.

The questionnaire was divided into two sections (A and B). Section A sought for background information from respondents. Section B contained items on mobilization approaches employed at county levels and their bearing to attaining of socio-economic development in county governments. The questionnaires were formulated according to study objectives in a systematic procedure. The researcher administered the questionnaires personally to the respondents and thereafter the complete questionnaires were collected immediately for data analysis. The questions were

developed in a scale of five; strongly agree (5), Agree (4), Neutral (3), Disagree (2) and strongly agree (1) which were used to determine the frequency to which County used the four mentioned revenue collection strategies.

3.8 Validity and Reliability

The use of reliability and validity are common in quantitative research and now it is considered in the qualitative research approach. Since reliability and validity are rooted in positivist perspective, then they should be redefined for their use in a naturalistic approach.

3.8.1 Validity of research instruments

According to McMillan and Schumacher (1993), validity is the quality attributed to proposition or measures of the degree to which they conform to established knowledge or truth. An attitude scale is considered valid, for example, to the degree to which its results conformed to other measures of possession of the attitude.

In this case, the validity of the instrument the researcher discussed the items in the instrument with the supervisors, lecturers from the department and colleagues. Advice given by these people helped to determine the validity of the research instruments. The advice included propositions, clarifications and other inputs. These suggestions were used in making necessary changes.

Factor analysis was used to test content validity. The study assembled a large set of questionnaire items that seem to be related to the study variables. The study derived factor loadings in such a way that groups of variables with loadings that were above range of 0.5 were considered.

3.8.2 Reliability of Research Instruments

The research instruments were piloted in Kakamega County. The reliability then calculated using the split-half procedure. The procedure involved scoring two halves (odd items versus even items) of a test separately for each person after which a reliability coefficient for the two sets of scores was calculated using Pearson's product moments technique. The reliability score of at least 0.70 lead to acceptance of the instruments in accordance to the minimum recommendation by (Fraenkel & Warren, 2000). This method is free of weaknesses such as maturation effect, practice effect, memorization and non-equivalency of parallel forms. The reliability results are shown below.

Table 3.3 Reliability Results

	No. of Items	Pearson coefficient
County Collections	5	0.811
Training In Revenue Mobilization	5	0.707
Revenue Mobilization Technology	5	0.922
Stakeholder Collaboration	4	0.755
Revenue Mobilization Infrastructure	4	0.711
Challenges	11	0.719

Source: (Researcher, 2014)

3.9 Piloting of Research Instruments

The research instruments were piloted in Kakamega County. The pilot county was not part of the selected counties for research so that cases of ambiguities for any item were identified. It also helped to establish whether the developed instruments would collect the required information in relation to the research questions and if there were any problems and complexity that was encountered during data collection and analysis. To avoid any form of bias in the research process, the research instruments was validated and their reliability tested.

3.10 Data Collection Procedures

The researcher obtained a research approval authorization letter from Moi University to facilitate acquisition of permission to carry out the studies. Once the research proposal was approved, a research permit from the National Commission for Science Technology and Innovation (NACOSTI) was obtained. Then the researcher, proceeded to the County to seek the consent to conduct the research. Once the permission was granted, the researcher arranged to visit each of the Counties for familiarization purposes and to seek permission from the departments' management concerning the intended data collection within their departments. Respondents were informed about the purpose of study and were assured of confidentiality of their responses.

The researcher then visited the respective selected departments to obtain samples of selected staff. The instructions on how to fill the questionnaires were carefully explained to the respondents. Sufficient time was allowed for them to respond to the instruments accurately. After responding to the questionnaires and the interview guide, the researcher then collected them for data analysis and thanked the respondents for their participation in the study.

3.11 Data Analysis Techniques and Presentation

Data analysis is the examination of data critically and making inferences from the results. In this research, both descriptive and inferential statistics were used in the analysis. Descriptive statistics involved the use of frequencies, means, standard deviation and percentages. Data was coded and analyzed thematically with the help of SPSS program version 20.0. Data was described and summarized under various

themes, categories and patterns in relation to the research questions. Inferential statistics involved the use of Chi-square test and multiple regression methods. Chi-square test was used in analyzing categorical data, more specifically data that had only two categories (Yes/No) of responses to ascertain independency between variables. On the other hand, Pearson correlation was used in analyzing continuous data involving more than two categories inter-factor relationships. Multiple regression models were used to determine causal effect of mobilization approach on socio-economic development.

$$y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \beta_5 x_5 + e$$

Where;

Y = Socio-economic Developments

α = Alpha (constant)

β_0 ... β_5 = regression Coefficient to be estimated

X_1 = county collections

X_2 = staff training in revenue mobilization

X_3 = revenue mobilization training technology

X_4 = stakeholder collaboration

X_5 = revenue mobilization infrastructure development

e = stochastic term

All the above statistical tests were used with the aid of the Statistical Product for Service Solution (SPSS), version 20. All tests were two-tailed. Significant levels were measured at 95% confidence level with significant differences recorded at $p < 0.05$

3.11.1 Underlying Assumptions of Multiple Regression Model

A regression model is a mathematical representation of what and how independent variables are related to the dependent variables. All regression models have assumptions, and violation of these assumptions can lead to unreliable results. The following assumptions that underline multiple regression model of analysis were assessed:

- i. Normality is the assumption that the scores on a continuous variable are normally distributed about the mean, (Tharenon *et al.*, 2007). Normality of independent variables was tested using mathematical methods. The normality of distribution was inspected using the degree of Skewness and kurtosis of variables. Similarly, the normality of distribution was also checked by use of Kolmogorov-Smirnov test.
- ii. Linearity refers to the degree to which the change in the dependent variable is related to change in the independent variables (Hair *et al.*, 2010). Linearity between the dependent variable and each independent variable was tested using the Pearson's Product Moment Correlation Coefficient (PPMC). The goal was to assess the strength of linear relationships among variables.
- iii. Homoscedasticity refers to the assumption that the dependent variable exhibits similar amounts of variance across the range of values for independent variables around the regression line, meaning they have equal spread.
- iv. Multi-collinearity refers to the presence of high correlations between independent variables (Williams *et al.*, 2013). In this study, multi-collinearity was assessed by means of tolerance and Variance Inflation Factor (VIF) values. Normally, a tolerance value of below 0.01 or a VIF value greater than

10 reveals a serious multi-Collinearity problem (Hair *et al.*, 2006; Leech *et al.*, 2011). Tolerance indicates the amount of variability of the particular independent variable not explained by other independent variables, whereas VIF is the inverse of the tolerance statistic.

3.11.2 Analysis of Qualitative Data

Qualitative data were analysed using thematic analysis. Thematic analysis can either be inductive or theory driven. This analysis was driven both by theoretical interest and the nature of the data; consequently, this reports a type of abductive analysis (Thagaard, 2003, Alvesson & Sköldberg, 2008, 2009). This means that the analysis recognizes the dialectical relationship between theoretical perspective and data analysis. The study used thematic analysis in identifying, analyzing, and reporting patterns (themes) within data. It minimally organizes and describes data set in (rich) detail.

3.12 Ethical Considerations

The researcher sought approval from Moi University and permission from the National Commission for Science, Technology and Innovation (NACOSTI) to carry out the study. Thereafter, the researcher sought for permission and authorization from the county commissioners of the selected counties before conducting the study. After being granted the permission, the researcher visited the respective respondents to inform them about the researcher's intentions, present a research permit and the authorization letter. The researcher sought for their consent and assured them on confidentiality before conducting the study. After all this was done, the researcher worked closely with respective respondents to collect the required data for the study.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS, AND INTERPRETATION

4.1 Overview

This chapter presents the data analysis, presentation and interpretation of the findings. Analysis of the data was undertaken with the aid of the Statistical Package for the Social Science (SPSS) version 20. Statistical analysis tests that comprised both descriptive and inferential statistics were used.

4.2 Response Rate

The study distributed 321 questionnaires to the respondents and 311 questionnaires were returned giving a response rate of 97% (Table 4.1) and ascertained to be complete. This response rate was acceptable since according to Fowler (2002), the whole point of conducting a survey is to obtain useful, reliable, and valid data in a format that makes it possible to analyze and draw conclusions about the total target population. Although there is no agreed-upon minimum response rate, the more responses received, the more likely to draw statistically significant conclusions about the target population. Babbie, (2007) asserts that a response rate of 60% is good and 70% is very good.

Table 4.1 Response Rate

Sample size	Members of the county and public	
	Number	Percent
Total sample size	321	100
Total responses	311	97
Total usable responses	311	97

Source: Survey Data (2016)

4.3 Data Screening

Data Screening was conducted in order to establish whether among others, data accurately reflected the responses made by the respondents, whether all the data were in place and accounted for, whether there was a pattern to the missing data, whether there were any unusual or extreme responses present in the data that could distort understanding of the phenomena under study, and whether the data met the statistical assumptions that underlie multiple regression. Consequently, data was screened for the response rate, missing values, outliers, normality, linearity and homoscedasticity.

4.3.1 Missing Values

Missing data is referring to unavailability of suitable value on one or more variables for data analysis (Hair *et al.*, 2010). In view of the negative consequences of missing data in the analysis, precautionary measures were put into consideration right from the field in an attempt at reducing or ensuring that the data was free from any missing values. On receipt of any duly completed questionnaires, the researcher quickly checked through to ensure that each and every question was appropriately answered. The descriptive statistics results showed that no missing values were recorded. Hair *et al.*, (2010) asserts that any case with more than 50% missing values should be deleted as long as there is an adequate sample. Similarly, Tabachnick and Fidell (2007) and Babbie (2005) observed the method of treating missing data was to merely drop the case. Hence, in this study no missing value was recorded. Moreover, there was presence of Missing at Random because the independent variables consists of many variables and these are highly correlated with social economic development, the study reduced and eliminated the dependence of missing values on social economic

development by using variables such as age, and education can make the MAR assumption much more reasonable.

4.4 Demographic Information

The demographic information helps the researcher understand the general view of the respondents. The researcher sought to establish the general information of the respondents which forms the basis under which the interpretations are made. This information was important to the study because it helped the reader to understand some issues that might be important in the analysis. Among the characteristics regarding the respondents included; age, gender, job tenure and the highest level of academic qualification.

The gender distribution of the respondents is as presented in Table 4.2 where it was found that 59% (183) of the respondents are female while 41% (128) of them are male. This showed that majority of the respondents in the study were female. The findings are in tandem with constitution of Kenya 2010 which espouses the two third gender rule, emphasizing on the rights of women as being equal in law to men, and entitled to enjoy equal opportunities in the political, social and economic spheres. The findings infer that most of the counties are employing more female in the top levels of the county leadership.

Table 4.2 Members of the County departments demographic information

		Frequency	Percent
Gender	Male	128	41
	Female	183	59
	Total	311	100
Age	20-29yrs	76	24.4
	30-40yrs	108	34.6
	40-50yrs	128	41
	Total	311	100
Academic qualification	KCSE	24	7.7
	Certificate	12	3.8
	Diploma	60	19.2
	Degree	128	41
	masters	76	24.4
	PhD	12	3.8
	Total	311	100
Job tenure	0-6Months	24	7.7
	7-12Months	60	19.2
	1-2yrs	80	25.6
	Over 2yrs	147	47.4
	Total	311	100
Department	Finance	100	32.1
	Planning	76	24.4
	Revenue	136	43.6
	Total	311	100

Source (Survey, 2016)

The study also assessed the ages of the respondents. The ages of the respondents are as presented in Table 4.2. From the Table, 41% (128) of the respondents are in the age bracket of 40 to 50 years, 34.6% (108) of them are in the age bracket of 30 to 40 years while 24.4% (19) of them being between 20 to 29 years. The data reveals that the highest composition of the respondents is that of 40 to 50 years and the least 20-29 years of age. Youth unemployment is a major issue for Kenya, forming one of the top priorities of the Kenyan government. Education and skills development have long been seen as central to creating jobs. The employment pattern at county level is considering youth and older employees which might be associated with job

experience and political influence. This also means that more revenue is likely to be collected by the young people since they are physically stronger and can comparably withstand the harsh weather.

Table 4.2 above presents the academic qualifications of the respondents. Based on the results, 41% (32) of them have a Degree, 24.4% (76) have a Masters level of education, 19.2% (60) of them have a Diploma, and 7.7% (24) have K.C.S.E as their highest level of education while there was an equal distribution among respondents with Certificate and PhD level of education. This level of literacy enhanced the research, especially during data collection. This was because most of the respondents would understand the issues involved that related to revenue mobilization especially the strategies used by the county governments. It is believed that with higher educational status, respondents would provide in-depth information regarding revenue mobilization within the county government.

Table 4.2 above illustrates the departments at the County. As evidenced in the Table, 43.6% (136) of the respondents are in the revenue department, 32.1% (100) finance department and 24.4% (76) are in the planning department. This distribution provided a diversified base of information given the contribution of the different departments.

The job tenure of the respondents is as presented in Table 4.2 above. As shown in the Table, 47.4% (147) have worked for over 2 years, 25.6% (80) for 1 to 2 years, 19.2% (60) have worked for 7 to 12 months and 7.7% (24) for up to 6 months. The analysis shows that majority (73%) of the participants at the county governments have worked for over a year and this provided responses based on a wider knowledge base of counties' operations. Job tenure is a better predictor of performance than age, and that it has a nonlinear relationship with performance. Sturman (2003) argued that the clear

or implicit knowledge gained by organizational tenure has unique positive effects on job performance. However, the positive relationship between experience and performance typically declines when employees acquire more experience with their job (Schmidt & Hunter, 2004). In addition, job tenure has been found to be positively related to task performance (Ng & Feldman, 2008).

4.5 Effect of County Revenue Collections On Socio-Economic Development

The first objective of the study was to establish how county collections as an approach of revenue mobilization influenced socio-economic development. According to Jeremy and Fraser (2003) County governments in developing nations get their income from various sources, such as Property Taxes, Natural Resource Rents, Business Licenses, Loans, Market Dues And Fees, Parking Fees among others. Results on approaches for revenue mobilization are as presented in Table 4.3.

Table 4.3 County revenue collections

	Frequency	Percent
Property Taxes	133	42.77
Natural Resource Rents	147	47.27
Business Licenses	175	56.27
Loans	18	5.79
Market Dues And Fees	143	45.98
Parking Fees	115	36.98

Source (Survey, 2016)

Some of the sources for revenue mobilization are business licenses (56.27%), natural resource rents (47.27%), market dues and fees (45.98%) and property taxes (42.77%). The least composition of revenue mobilization includes parking fees (36.98%) and loans (5.79%). With the above sources in place, the county governments can effectively allocate revenue where it is most needed leading to a comprehensive

programme delivery and a broad impact. From the above findings the most used revenue source in County governments in North Rift is through business licenses. The findings are supported by Moore (2005) who indicated that business licensing can also be used for revenue purposes either indirectly or directly. In the first case, net revenue can be generated by setting the regulatory license fees higher than the actual cost of administration (Moore, 1995).

In principle, if the primary purpose of licenses is regulation, revenues should not exceed the costs of that regulation (Moore, 1995). In the United States, laws typically state that license fees are set to approximate regulatory costs and court decisions have attempted to enforce this (Pennsylvania, 1999). In the UK too, the law limits license fees to cover costs of administration. However, because of definitional problems and limited information on costs, it is often difficult to determine the extent to which license fees are limited to cost recovery or generation of net revenues. However, based on the interview schedule, some local authorities issued multiple licenses for a single business. For example, a hotel was required to pay a separate license fee for lodging, restaurant, bar, disco, and the sundry shop. A retail store was required to pay for multiple licenses based on the type of goods sold (a separate license for food, electronic goods, clothing, and office supplies); while a retail store which also sold on a wholesale basis occasionally was required to have a separate license for retail and wholesale.

In addition to revenue sources from the interview schedule, below are some excerpts of County Governors and Secretaries varied views on revenue mobilization strategies

“the main sources of our revenue are usually property rates, business licenses, and various uses charges, often in the form of surcharges for services provided by or on behalf of the county” (M, County Secretary , 17.04.16)

“Property tax and business permits/licenses provide substantial and reliable revenues for county government” (F, County Secretary, 17.04.16)

“Property taxes and business permits accounted for almost 50 per cent of all indirect taxes in county government” (N, County Secretary, 17.04.16)

However, one of the governors said that:

“It is difficult to value property tax and administer. Accordingly, the property tax base is inelastic, despite growth in the physical size or value of property, because old valuations are not updated and new properties not registered. In most cases, the system has been inherited from the colonial era and is poorly suited for modern county governments” (Governor, 17.04.16)

The findings concur with those of Mikesell, (2002) who argued that property tax is a major source of revenue in several County governments. Property taxes and business permits accounted for 40% of all sub-national taxes in developing countries (Bird and Slack, 2002), but less in many African countries; for instance 10–30% in urban councils in Tanzania (Fjeldstad et al., 2004), and around 20% in South Africa (Bahl & Smoke, 2003). It also has the potential to become an important revenue source in semi-urbanized centres in district councils. Literature on revenue allocation between various levels of government argues that few fiscally significant taxes are more appropriate to local administration than property tax. This is due to the fact that real property is visible, immobile, and a clear indicator of one form of wealth. Hence, in principle, property tax is difficult to avoid and if well administered it can represent a no distortional and highly efficient fiscal tool.

4.5.1 Revenue Generation by the County Governments

This section of the analysis highlights the performance of each revenue source with regard to revenue generation to the County Government. Table 4.4 below illustrates the results. The researcher deemed it important to establish the performance of natural resource rents. Natural resource rents are the sum of oil rents, natural gas rents, coal rents, mineral rents, and forest rents, waterfalls, game reserves and sanctuaries.

Table 4.4 Effectiveness of Revenue Sources

		Highly Effective	Effective	Don't Know	Ineffective	Highly Ineffective	Mean	Std. Deviation
Natural resource rents (waterfalls, parks etc.	Freq.	24	179	40	48	20	3.55	1.052
	%	7.7	57.7	12.8	15.4	6.4		
Business licenses	Freq.	108	72	44	76	12	2.4	1.293
	%	34.6	23.1	14.1	24.4	3.8		
Loans(Business, agricultural)	Freq.	96	136	28	32	20	4.18	1.17
	%	30.8	43.6	9	10.3	6.4		
Market dues	Freq.	88	151	8	28	36	4.27	1.286
	%	28.2	48.7	2.6	9	11.5		
Parking fees	Freq.	120	128	12	52	0	4.19	1.424
	%	38.5	41	3.8	16.7	100		

Source; (Survey, 2016)

As evidenced in Table 4.4, most (55.7%) of the respondents have noted that natural resource rents are highly effective in revenue generation to the county governments. On the other hand, 15.4% of the respondents find the performance of natural resource rents to be ineffective and 6.4% of them highly ineffective. The item had a mean of 2.55 and standard deviation of 1.052 indicating that natural resource rents have not yielded the developmental benefits enjoyed by other revenue-rich developing and industrial countries. Precisely, natural resource rents have not been of great benefit to the north-rift region as is expected.

The performance of business licenses in revenue generation to the county government was also put into account. According to Al Hassan, (2011) business licenses are official documents giving one, permission to own, do or use something usually after money has been paid. It is therefore expected to generate sufficient revenue to the county governments. Based on the results in the Table, 30.8% of the respondents find business licenses to be highly effective in revenue generation. However, 24.4% of the respondents find the performance of business licenses to be ineffective. This is backed up by a mean of 2.4 and standard deviation of 1.293 indicating that business licenses are underperforming in revenue generation. The findings concur with Devas and Kelly (2010) that, the standard mechanisms for mobilizing revenues from businesses have been through licensing. Although the original intent was regulatory, local business licensing has increasingly become simply a revenue source in most places. Typically, business licenses generate between 5 per cent and 30 per cent of local government own revenues in many African countries. The findings are also supported by some comments from the county governors. For example some of the governors said that;

“The most effective form of revenue source in my county government is business licenses’ (Governor, 18.04.16)

However, interviewee 2 indicated that;

“In most cases, business licenses and permits have been quite unsatisfactory, often quite inequitable. It has imposed huge costs on businesses, while generating relatively little money. A common complaint from Small and Medium-sized Enterprises in the county is that it has been that they do not know what to pay, where and to whom” (Governor, 21.04.16)

Loans are also an effective way in which the county government can contribute to revenue generation. From the results, majority (43.6%) of the respondents find loans to be highly effective. The results on loans (business and agricultural) summed up to a

mean of 2.18 and standard deviation of 1.17. It appears therefore that loans have been generally effective in revenue generation. According public finance management act (2012), it is possible for counties to receive funding from loans or grants from donors as well as banks. But, for most counties, their single biggest source of revenue will be in the form of transfers from the national government.

Before embarking on the contributions accrued from the Community Participatory Framework (CPF), it is important to understand what it is. The community participatory framework is a tool that can be used to strengthen county governments' networks since it encourages the involvement of community organizations in local government matters. Based on the results, most (55.5%) of the respondents showed that community participatory framework to be effective in revenue generation. The results summed up to a mean of 2.49 and standard deviation of 1.054 indicating that the community participatory framework is ineffective in revenue generation. This was supported by county governors where most of them indicated that they have revolving loan used to stimulate economic development and to provide loans for commercial revitalization. Community participatory framework is localized institutions in that their spheres of influence hardly extend beyond their immediate communities or neighborhood. They are non-profit and non-governmental because all members contribute economically towards the fulfillment of their responsibilities to the immediate environment and not depend on government before fulfilling these (Claudia, 2003). They are concerned with the development problems of and development programme projects in their various areas (Bralton, 1990). They respond to community felt needs rather than market demand or pressure.

In terms of the performance of market dues, 48.7% of the respondents find market dues to be highly effective, Generally, results on market dues summed up to a mean of 2.27 and standard deviation of 1.286 terming it ineffective in revenue generation. The findings are contrary to Iversen *et al.*, (2006) study in Uganda who found substantial gaps between the local government estimates of the revenue yields from local markets and the actual revenue yield collected by private agents. Based on the findings the study infers that market fee can be useful mechanism for revenue mobilization a theory which is supported by county governors that;

“With a more effective transparent and accountable market fee system, market fees can be most effective revenue mobilization which can raise more revenues at lower costs than the current tax regime that is in place in many counties” (Governor, 21.04.16)

Finally, 38.5% of the respondents find parking fees to be highly effective. The results on the effectiveness of parking fees in revenue generation summed up to a mean of 2.19 and standard deviation of 1.424. This indicates that parking fees have been generally ineffective in resource generation. This indicates that parking fees have been generally ineffective in resource generation. The findings are similar to Fjeldstad *et al.* (2009) that in Tanzania, collection of a large number of local government revenue sources has been outsourced in recent year. They include private collection of property taxes in some urban councils; market fees in both rural and urban councils; forestry levies (Until, 2005) mainly in rural councils; cess on certain agricultural products in rural councils; bus stand; and parking fees. In Mwanza City Council, for instance, more than one-third of the council’s own revenues in 2006 were collected by private agents.

The researcher deemed it important to ascertain the reasons as to why there is a highly effective mobilization approach. Highly effective mobilization has been attributed to

sensitization, payment on the spot, public sensitization and the paying of taxes among others. High mobilization is as a result of team work among staff collecting revenues, awareness of the importance of paying fees and taxes, collaboration with stakeholders as well as enforcement. The study noted that there is poor sensitization and inadequate staff training.

The findings concur with interviewee 6 comments that;

We have a shortage of well trained and qualified personnel which are supposed to serve as tools for collection of taxes and rates at the local level, even the few available are not properly trained in efficient budgetary and financial management systems. Also most of the county governments are short staffed to carry out their duties” (Second County Secretary, 16.04.16)

Cognate to the results, Chapman, (2008) in a qualitative study of 5 randomly selected community projects found that revenue mobilization helps in avoiding sending different messages to donors. This means that revenue mobilization approaches help to prevent in-house competition for revenues, to avoid piecemeal efforts, to prioritize the need to enhance revenue mobilization capacities and efforts at all levels of the entity and to create a sense of joint ownership and accountability thereby contributing to development in the counties. On the same note, Frankish, (2003) study of 10 randomly selected organizations using qualitative analysis found out that revenue mobilization strategy is important for properly aligning the organization’s development program with community needs, mustering appropriate revenues to respond to those needs, identifying key opportunities for partnering and focusing company efforts to assure tangible and sustainable impact. As such, revenue mobilization approaches aids in aligning the organization’s development program with community needs and making sufficient efforts towards the realization of such needs hence contributing to county development.

Additionally, in tally with the study findings, a study done by Beverly, (2012) on revenue mobilization approaches among 5 local communities, taking a strategic approach to community development means that there is a clear roadmap of where a development program is going and how to decide what projects to support.

4.5.2 Socio-Economic Development

This section of the study highlights county social development aspects. As evidenced in Table 4.5, most of the respondents indicated that the County has inadequate modern equipment. This contradicts schedule four of the Constitution of Kenya which indicate that counties are responsible for provisions of county equipment such as computers, street lighting by mobilizing domestic resources for development.

Table 4.5 Socio-economic Development

		SD	D	MA	A	SA	Mean	Std. Deviation
The county has modern equipment	Freq.	70	67	100	97	29	2.86	1.235
	%	19.3	18.5	27.5	26.7	8		
The county physical facilities are visually appealing	Freq.	39	88	96	117	23	2.99	1.119
	%	10.7	24.2	26.4	32.2	6.3		
The physical appearance of physical facilities is in keeping with the type of services provided	Freq.	56	71	131	83	22	2.84	1.12
	%	15.4	19.6	36.1	22.8	6.1		
The county staff keep promises for example when promised a certain document will be available on certain date	Freq.	102	75	100	64	22	2.53	1.238
	%	28.1	20.7	27.5	17.6	6.1		
The county staff show sincere interest in solving customers problems for them	Freq.	102	70	97	54	40	2.61	1.328
	%	28.1	19.3	26.7	14.9	11		
They county is dependable in providing with services	Freq.	60	72	123	75	33	2.85	1.185
	%	16.5	19.8	33.9	20.7	9.2		
The county keeps accurate statements	Freq.	67	50	121	83	42	2.95	1.253
	%	18.5	13.8	33.3	22.9	11.6		
County related service information can easily be obtained	Freq.	44	55	120	102	42	3.12	1.17
	%	12.1	15.2	33.1	28.1	11.6		
County employees promptly serve customers	Freq.	51	64	104	105	39	3.05	1.208
	%	14	17.6	28.7	28.9	10.7		
I trust my county government to give quality services	Freq.	63	43	75	91	91	3.29	1.411
	%	17.4	11.8	20.7	25.1	25.1		
I feels safe to do business with the county governments	Freq.	35	49	80	89	110	3.52	1.307
	%	9.6	13.5	22	24.5	30.3		
The county provide us with clear documents	Freq.	34	43	123	89	74	3.33	1.194
	%	9.4	11.8	33.9	24.5	20.4		
The county has sufficient offices in different geographic areas	Freq.	50	48	112	88	65	3.2	1.276
	%	13.8	13.2	30.9	24.3	17.9		
The county setups hot lines, web site, and computers in the offices for customers to check their bills	Freq.	79	41	118	73	52	2.93	1.324
	%	21.8	11.3	32.5	20.1	14.3		
It is easy to pay bill	Freq.	54	42	76	86	105	3.53	2.862
	%	14.9	11.6	20.9	23.7	28.9		

Source; (Field Survey, 2016)

In a related item, 32.2% of the respondents strongly agreed that the county physical facilities are visually appealing. The item had a mean of 2.99 and standard deviation

of 1.119. Community facilities can make an important contribution to the vitality and sustainability of neighborhoods across counties. Community facilities play an intrinsic role in the life of communities within counties and are crucial for economic, social and environmental sustainability for the entire county. The provision of community facilities is particularly important in view of counties ageing and growing population and our reliance on third sector (charity and voluntary organizations) and faith sectors to provide the community with these services. County Governor in one of the county;

“There are a number of agencies with responsibility for, or an interest in, the provision of such facilities across the county including, Health Care Trusts, parish councils and various voluntary organizations. In addition, the private sector also undertakes some provision, including childcare, care of older people and health care (sixth county governor, 21.04.16)”

When the respondents were asked whether the physical appearance of physical facilities is in keeping with the type of services provided, 36.1% disagreed that the physical appearance of physical facilities is in keeping with the type of services provided. This item had a mean of 2.84 and standard deviation of 1.12. As community facilities contribute to the health, education and wellbeing of communities, it is necessary to make the appropriate provisions for them. The provision of adequate levels of community facilities is also essential when considering new development proposals, as the cumulative impact on community facilities of many new smaller developments, plus the need created by a large development must be considered alongside the infrastructure which is often seen as more essential, such as roads and piping for water and sewerage. However, access to essential facilities and services in the rural areas depends on revenue collected which translates to level of resources available.

The respondents were also asked to ascertain whether the county staff keeps promises for example when promised a certain document will be available on certain date. The results were such that (76.3%) of the respondents strongly disagreed that the county staff keep promises for example when promised a certain document will be available on certain date. In general, the mean for the item summed up to 2.53 and the standard deviation was 1.238. According to Gronroos (2000), employees can achieve knowledge and attitude requirement for good service delivery through training. He noted that service employees also need training in interactive skills which are heavily intertwined with technical skills that ensure them to provide courteous, caring, responsive and empathetic service. He also observed that interactive skills of training provided for employees, especially customer contact employees but also supports employees, with specific skills as far as communication task is concerned. The design and implementation of service delivery processes plays a key role in the overall competitiveness of modern organizations. For example, Roth and Jackson (1995) provide clear evidence that process capability and execution are major drivers of performance due to their impact on customer satisfaction and service quality.

In relation to whether the county staff shows moderate sincere interest in solving customers' problems for them (mean of 2.61 and standard deviation of 1.328). Respondents also indicated that county is dependable in the provision of services, (mean 2.85 and the standard deviation 1.185). This might be due to challenging economic times, many pubs and rural services have struggled to operate as they used to, and in some cases have faced closure. The impact this continues to have upon local community infrastructures is significant.

The researcher went a step further to establish if the county keeps financial records accurately. The results were such that most of the respondents strongly disagreed that the county keeps accurate financial statements. In a bid to establish if county related service information can easily be obtained, the respondents were asked to respond accordingly to the item. The results were such that 33.1 % of the respondents strongly agreed that county related service information can easily be obtained. The item had a mean of 3.05 and standard deviation of 1.208.

With reference to whether the respondents trust the county government to give quality services, strongly agreed that they trust the county government to give quality service. The results summed up to a mean of 3.29 and standard deviation of 3.29 and standard deviation of 1.411. The respondents were further asked whether they feel safe to do business with the county government. The results were such that 20.4% of them strongly agreed that they feel safe to do business with the county government. The item had a mean of 3.52 and standard deviation of 1.307.

Moreover, 30.9% of the respondents strongly agreed that the county has sufficient offices in different geographic areas. This summed up to a mean of 3.33 and standard deviation of 1.194. The item summed up to a mean of 3.2 and standard deviation of 1.276. In addition, 32.5% of the respondents strongly agreed that the county setups hot lines, web site, and computers in the offices for customers to check their bills, 20.1% of them agreed, moderately agreed 21.8% of the respondents strongly disagreed that the county set up hot lines, web sites, and computers in the offices for customers to check their bills. Finally, 28.9% of the respondents strongly agreed that it is easy to pay bills. This summed up to a mean of 3.53 and standard deviation of 2.862. The

study contradicts Kibanya & Muronge (2015) argument that there is a poor state of provision of quality service in some county governments in Kenya.

4.5.3 Relationship Between Total County Revenue Collection and County socio-economic Development Expenditures

It was important to investigate the relationship between total County revenue collection and county development expenditures.

Table 4.6 County Revenue Collections and Socio-Economic Development

		Local Revenue
Agriculture	Pearson Correlation	0.582
	Sig. (2-tailed)	0.226
Tourism and natural resource	Pearson Correlation	0.779**
	Sig. (2-tailed)	0.000
Roads and Public works	Pearson Correlation	-0.266
	Sig. (2-tailed)	0.611
Education	Pearson Correlation	.835*
	Sig. (2-tailed)	0.038
Health	Pearson Correlation	0.601*
	Sig. (2-tailed)	0.007
Trade	Pearson Correlation	0.117
	Sig. (2-tailed)	0.826
Gender	Pearson Correlation	0.375
	Sig. (2-tailed)	0.534
Land	Pearson Correlation	0.377
	Sig. (2-tailed)	0.462
County Assembly	Pearson Correlation	-0.241
	Sig. (2-tailed)	0.646

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

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

Source; (Field Survey, 2016)

The above findings (Table 4.6) show that the more local revenue the more expenditure, however, there is no evidence to support. Revenue and expenditure relationships can be used to deliver two common objectives of public policy, correcting market failures and solving equity challenges. However, it is important to distinguish between areas where revenue and expenditure policy operate

independently of each other to achieve policy outcomes, and areas where revenue and expenditure policy operate together (OECD, 2010).

As such Pearson correlation was used to assess the linear relationship between county development expenditure and local revenue collected. Findings in Table 4.4 shows that only tourism and natural resource ($r=0.779$, $p<0.05$), education ($r=0.835$, $p<0.05$) and health ($r=0.601$, $p<0.05$) was related with local revenue collected. This shows that the more revenue collected that more counties will spend in tourism and natural resource, education and health. The findings are supporting evidence that governments which aren't forced to rely on taxation for their public spending tend to spend less for the benefit of their (less-taxed) citizens and are less democratic (Cockx & Francken, 2014). Where the source of such rents relies on natural resources, blessing can quickly turn to curse as groups jockey to capture the lucrative revenue sources, as well as the state itself (Collier & Hoeffler, 2005).

Recent research by the International Monetary Fund (IMF) has found that resource-wealthy governments do indeed follow the reduced incentive to incur the political cost of domestic taxation, so that there is a negative relationship between resource wealth and tax effort (Gupta & Crivelli, 2014). Similar points have been made with reference to the rents from external aid, tax effort and government, with the available evidence suggesting a negative relationship (Easterly, 2014; Crivelli, Gupta *et al.*, 2012).

4.5.4 County Revenue Collection Sources and County Socio-Economic Development

A chi-square test was carried out to determine the degree of association between revenue county revenue collections and county development. The result is shown in

Table 4.7 below. The result shows a statistically significant relationship between the trust the respondents have for the county government to give quality services and property taxes as revenue mobilization source ($\chi^2 = 8.518, p > 0.05$).

Table 4.7: Property Taxes and County Socio-Economic Development

	Property Tax	
	Chi-Square Tests	Sig.(P Value)
The county has modern equipment	5.945	0.203
The county physical facilities are visually appealing	8.055	0.09
The physical appearance of physical facilities is in keeping with the type of services provided	5.341	0.254
The county staff keep promises for example when promised a certain document will be available on certain date	5.122	0.275
The county staff show sincere interest in solving customers problems for them	5.044	0.283
They county is dependable in providing with services	1.662	0.798
The county keeps accurate statement accurately	2.564	0.633
County related service information can easily be obtained	2.941	0.568
County employees promptly serve customers	6.151	0.188
I trust my county government to give quality services	8.518	0.014
I feels safe to do business with the county governments	2.511	0.643
The county provide us with clear documents	3.217	0.522
The county has sufficient offices in different geographic areas	8.131	0.149
The county setups hot lines, web site, and computers in the offices for customers to check their bills	1.463	0.833
It is easy to pay bill	2.451	0.653

Source; (Field Survey, 2016)

The findings are in support of most scholars' opinion that idea of tax administration is to raise sufficient revenue for social and local development, the relationship between expenditure performance and service delivery. They state that there is a complete need to ensure that local governments strengthens their tax base and tax administrations, mobilize as much revenue as possible and there by become less dependent on the National government transfers. This agrees with Collier (2009) who said local revenues are important for the success and long term sustainability of infrastructure and service delivery in local government.

4.5.5 Natural Resource Rents and County Socio-economic Development

Cross tabulation was used to study the relationship between county socio-economic development and Natural resource rents like water-falls, parks as county revenue collections (Table 4.8).

Table 4.8: Relationship between Natural Resource Rents and County social Economic Development

	Natural revenue rents (waterfalls, parks etc.	
	Chi-Square Tests	sig.(p value)
The county has modern equipment	15.432	0.003
The county physical facilities are visually appealing	13.504	0.636
The physical appearance of physical facilities is in keeping with the type of services provided	16.204	0.439
The county staff keep promises for example when promised a certain document will be available on certain date	9.586	0.887
The county staff show sincere interest in solving customers problems for them	11.509	0.777
They county is dependable in providing with services	14.021	0.007
The county keeps accurate statement accurately	24.066	0.088
County related service information can easily be obtained	15.503	0.008
County employees promptly serve customers	16.786	0.4
I trust my county government to give quality services	13.435	0.641
I feels safe to do business with the county governments	13.589	0.629
The county provide us with clear documents	17.132	0.377
The county has sufficient offices in different geographic areas	28.300	0.029
The county setups hot lines, web site, and computers	13.256	0.654
It is easy to pay bill	11.381	0.05

Source; (Field Survey, 2016)

Chi-square (χ^2) tests of independence established that there was a significant relationship between the use of modern equipment and natural resource rents $\chi^2 = (15.432)$, $p < 0.05$. Several papers have shown correlations between natural resources and positive outcomes. For instance, Sachs and Warner (1995) show that natural resources tend to have increase on economic development. Moretti (2011) showed

that natural resources may have an important role in explaining this clustering of economic activity.

Further, there was a significant relationship between dependable service provision by the county and natural resource rents $\chi^2 = (14.021)$, $p < 0.05$. Also, easy retrieval of county related service information had a significant relationship with natural resource rents $\chi^2 = (15.503)$, $p < 0.05$.

Additionally, the chi-square (χ^2) value of 28.3 is at a level of significance of $p < .05$ hence the presence of sufficient offices in different geographic areas has a significant relationship with natural resource rents. Further, chi-square (χ^2) value of 11.381 at $p < .05$ level of significance reveals a significant relationship between ease in paying bills and natural resource rents.

The remaining components, use of visually appealing physical facilities that are in line with the services provided, ability of the county staff to keep promises, sincere interest in solving customer problems, accuracy of statements kept, prompt service to customers, provision of quality service to customers, safety in doing business with the county government, provision of clear documents, availability of hot lines, web site and computers in the offices for customers to check their bills showed no significant statistical variations with natural resource rents as revenue mobilization approach.

4.5.6 Business Licenses and County Socio-Economic Development

Cross tabulation was also used to study the relationship between county socio – economic development and business licenses as revenue mobilization approach (Table 4.9).

Table 4.9: Social Development and Business Licenses

	Business Licenses	
	Chi-Square Tests	sig.(p value)
The county has modern equipment	29.480	0.021
The county physical facilities are visually appealing	38.118	0.001
The physical appearance of physical facilities is in keeping with the type of services provided	28.435	0.028
The county staff keep promises for example when promised a certain document will be available on certain date	13.108	0.05
The county staff show sincere interest in solving customers problems for them	19.431	0.047
They county is dependable in providing with services	18.429	0.009
The county keeps accurate statement accurately	14.300	0.576
County related service information can easily be obtained	7.459	0.963
County employees promptly serve customers	18.311	0.306
I trust my county government to give quality services	17.963	0.326
I feels safe to do business with the county governments	15.865	0.462
The county provide us with clear documents	10.529	0.838
The county has sufficient offices in different geographic areas	18.094	0.318
The county set up hotlines, web site, and computers in the offices for customers to check their bills	13.173	0.66
It is easy to pay bills	11.381	0.05

Source; (Field Survey, 2016)

Specifically, availability of modern equipment had a significant relationship with business licenses $\chi^2 = (29.480, p < 0.05)$. Moreover, visually appealing physical facilities showed a significant relationship with business licenses $\chi^2 = (38.118), p < 0.05$. Furthermore, physical facilities that are in line with the services provided had a significant relationship with business licenses as shown by chi-square (χ^2) value of 28.435 which is at a level of significance of $p < 0.05$. Also, ability of the county staff to keep promises had a significant relationship with business licenses as revealed by chi-square (χ^2) value of 13.108 which is at a level of significance of $p < 0.05$.

Additionally, county staff sincerity in solving customer problems had a significant relationship with business licenses $\chi^2 = (19.431)$, $p > 0.05$. Further, the county's dependability in service provision had a significant relationship with business licenses as shown by chi-square (χ^2) value of 18.429 which is at a level of significance of $p < 0.05$. Besides, chi-square (χ^2) value of 11.381 at $p < 0.05$ level of significance reveals a significant relationship between ease in paying bills and business licenses.

Nonetheless, the remaining items, accuracy of statements kept, easy retrieval of county information, prompt service to customers, provision of quality service to customers, safety in doing business with the county government, provision of clear documents, sufficient county offices in different geographical areas, availability of hot lines, web sites and computers in the offices for customers to check their bills showed no significant statistical variations with property taxes as revenue mobilization approach. As noted above, the local government 'own revenue' systems across Anglophone Africa are often characterized by a huge number of revenue instruments.

From the interview schedule, one of the interviewee said that;

“One of the major contributors of county development is the property rates in urban centers, business licenses, market fees and various user charges, often in the form of surcharges for services provided by or on behalf of the county government.” (Third County Governor, 17.04.16)

Nevertheless, experiences from a number of some of the county secretaries show that these revenue instruments have serious shortfalls. For instance, property taxes can be very costly to administer (Brosio 2008; McCluskey & Franzsen 2011), and the enforcement of user fees has resulted in widespread resistance to pay from the poorer segments of the urban population in some countries (Fjeldstad 2004; Fjeldstad *et al.*,

2005). Moreover, complex business licensing systems have proved to be major impediments for the start-up and expansion of especially micro and small enterprises (Devas & Kelly 2010). However, experiences from other regions show that when well administered, these revenue instruments can provide substantial and reliable revenues for county governments.

4.5.7 Loans and County Socio-Economic Development

Chi-square was used to study the relationship between county development and loan (business and agriculture).

Chi-square (χ^2) tests of independence established that there was a significant relationship between upholding promises by the county government to make documents available at a certain date and loan $\chi^2 = (24.623)$, $p < 0.05$. Further, there was a significant relationship between trust in the county government to give quality services and loans $\chi^2 = (25.386)$, $p < 0.05$. Also, sufficient offices in different geographical areas had a significant relationship with loans $\chi^2 = (27.375)$, $p < 0.05$.

Table 4.10: Loans and County Socio-Economic Development

	Chi-Square Tests	loan (business, agriculture) sig.(p value)
The county has modern equipment	11.601	0.771
The county physical facilities are visually appealing	13.939	0.603
The physical appearance of physical facilities is in keeping with the type of services provided	16.604	0.412
The county staff keep promises for example when promised a certain document will be available on certain date	24.623	0.017
The county staff show sincere interest in solving customers problems for them	14.007	0.598
They county is dependable in providing with services	15.368	0.498
The county keeps accurate statement accurately	16.763	0.401
County related service information can easily be obtained	8.870	0.919
County employees promptly serve customers	10.805	0.821
I trust my county government to give quality services	25.386	0.013
I feels safe to do business with the county governments	12.213	0.729
The county provide us with clear documents	12.139	0.734
The county has sufficient offices in different geographic areas	27.375	0.038
The county setup hot lines, web sites, and computers in the offices for customers to check their bills	11.725	0.763
It is easy to pay bill	13.848	0.61

Source; (Field Survey, 2016)

The remaining items, use of modern equipment, visual appealing physical facilities, physical facilities that are in line with the services provided, sincere interest in solving customer problems, dependability in service provision, accuracy of statements kept, easy retrieval of county financial information, prompt service to customers, provision of quality service to customers, safety in doing business with the county government, provision of clear documents, availability of hot lines, web sites, and computers in the offices for customers to check their bills and ease in paying bills showed no

significant statistical variations with loans as revenue mobilization approach. The findings coincided with Roy (2001) that revenue mobilization approaches make it easier to find external financing and negotiating a loan to carry out a development project. The revenue mobilization approaches are of essence since they contribute towards county development.

4.5.8 Market Dues and County Socio-Economic Development

The Pearson chi-square test of association was also used for performing a preliminary screening of the relationship between county development and market dues as revenue mobilization approach.

Table 4.11: County Socio-Economic Development and Market Dues

	Market dues	
	Chi-Square Tests	Sig. (p value)
The county has modern equipment	13.434	0.641
The county physical facilities are visually appealing	14.111	0.59
The physical appearance of physical facilities is in keeping with the type of services provided	9.581	0.888
The county staff keep promises for example when promised a certain document will be available on certain date	21.853	0.148
The county staff show sincere interest in solving customers problems for them	20.267	0.208
They county is dependable in providing with services	10.619	0.832
The county keeps accurate statement accurately	6.946	0.974
County related service information can easily be obtained	11.077	0.805
County employees promptly serve customers	14.230	0.582
I trust my county government to give quality services	15.496	0.489
I feels safe to do business with the county governments	20.969	0.18
The county provide us with clear documents	9.613	0.886
The county has sufficient offices in different geographic areas	11.668	0.767
The county setups hot lines, web site, and computers in the offices for customers to check their bills	11.054	0.806
It is easy to pay bill	15.538	0.486

Source; (Field Survey, 2016)

From the results in Table 4.11, all the components, the trust the respondents have for the county government to give quality services, use of modern equipment, visually appealing physical facilities, physical facilities that are in line with the services provided, ability of the county staff to keep promises, sincere interest in solving customer problems, dependability in service provision, accuracy of statements kept, easy retrieval of county information, prompt service to customers, provision of quality service to customers, safety in doing business with the county government, provision of clear documents, sufficient county offices in different geographical areas, availability of hot lines, web sites, and computers in the offices for customers to check their bills and ease in paying bills showed no significant statistical variations with market dues as revenue mobilization approach. Findings also coincide with Government of Kenya's (GoK) (2009) report that the livelihoods of rural populations in most of county governments are heavily dependent on the market dues. Thus, market dues programmes directly affect the livelihood strategies and food security of local households.

4.5.9 Parking Fees and County Socio-Economic Development

Cross tabulation was also used to study the relationship between county development and parking fees as revenue mobilization strategy. Specifically, availability of modern equipment had a significant relationship with parking fees $\chi^2 = (12.412)$, $p < 0.05$. Moreover, visually appealing physical facilities showed a significant relationship with parking fees $\chi^2 = (14.135)$, $p < 0.05$. Furthermore, physical facilities that are in line with the services provided had a significant relationship with parking fees as shown by chi-square (χ^2) value of 13.295 which is at a level of significance of $p < 0.05$. Also, ability of the county staff to keep promises had a significant relationship with parking

fees as revealed by chi-square (χ^2) value of 19.486 which is at a level of significance of $p < 0.05$.

Table 4.12: Parking Fees and County Socio-Economic Development

	Chi-Square Tests	Sig. (p value)
The county has modern equipment	12.412	0.013
The county physical facilities are visually appealing	14.135	0.002
The physical appearance of physical facilities is in keeping with the type of services provided	13.295	0.048
The county staff keep promises for example when promised a certain document will be available on certain date	19.486	0.017
The county staff show sincere interest in solving customers problems for them	14.810	0.022
The county is dependable in providing with services	7.120	0.85
The county keeps accurate financial statement	13.005	0.039
County related service information can easily be obtained	12.058	0.441
County employees promptly serve customers	6.884	0.865
I trust my county government to give quality services	12.251	0.426
I feel safe to do business with the county governments	15.014	0.041
The county provides us with clear documents	6.046	0.014
The county has sufficient offices in different geographic areas	10.045	0.012
The county setups hot lines, web site, and computers in the offices for customers to check their bills	5.893	0.021
It is easy to pay bill	7.123	0.849

Source; (Field Survey, 2016)

Besides, sincerity in solving customer problems had a significant relationship with parking fees as shown by chi-square (χ^2) value of 14.810 which is at a level of significance of $p < 0.05$. Also, ability of the county staff to keep accurate statements accurately had a significant relationship with parking fees as revealed by chi-square (χ^2) value of 13.005 which is at a level of significance of $p < 0.05$.

Chi-square (χ^2) tests of independence also established that there was a significant relationship between safety in doing business with the county government and parking fees $\chi^2 = (15.014)$, $p < 0.05$. Further, there was a significant relationship between provision of clear documents by the county government and parking fees $\chi^2 = (6.046)$, $p < 0.05$. Also, sufficient offices in different geographical areas had a significant relationship with parking fees $\chi^2 = (10.045)$, $p < 0.05$. To sum up, the availability of hot lines, web sites, and computers in the offices for customers to check their bills had a significant relationship with parking fees as evidenced by $\chi^2 = (5.893)$, $p < 0.05$. However, dependability in service provision, easy retrieval of county information, prompt service to customers, provision of quality services to customers, and ease in paying bills showed no significant statistical variations with parking fees as revenue mobilization approach.

4.6 Assumptions of Regression

4.6.1 Linearity

Linearity means the correlation between variables, which is represented by a straight line. Knowing the level of the relationship among variables is considered as an important element in data analysis. It is crucial to test the relationship of the variables to identify any departure that may impact the correlation. The result in Table 4.13 showed that all the variables are linear with each other.

Table 4.13 Linearity

		Sum of	df	Mean	F	Sig.
		Squares		Square		
County Revenue Collections * County Socio-Economic Development	(Combined)	89.673	26	3.449	12.583	0.000
	Linearity	59.668	1	59.668	217.684	0.4
Training In Revenue Mobilization * County Socio-Economic Development	(Combined)	164.037	26	6.309	19.936	0
	Linearity	119.624	1	119.624	378.006	0
Revenue Mobilization Technology * County Socio-Economic Development	(Combined)	86.163	26	3.314	11.438	0
	Linearity	58.062	1	58.062	200.393	0
Stakeholder Collaboration * County Socio- Economic Development	(Combined)	111.121	26	4.274	7.662	0
	Linearity	63.758	1	63.758	114.301	0

4.6.2 Normality

The main assumption in normality is that the data distribution in each item and in all linear combination of items is normally distributed (Tabachnick and Fidell, 2007; Hair et al., 2010). The assumptions of normality can be examined at univariate level (i.e. distribution of scores at an item-level) and at multivariate level (i.e. distribution of scores within a combination of two or more than two items). To identify the shape of distribution, Kolmogorov-Smirnov was used (Shapiro and Wilk, 1965) which were calculated for each variable. The results from these tests revealed (Table 4.14) that all the variables were not significant, which meets the assumptions of normality.

Table 4.14 Normality

	Kolmogorov-Smirnova			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
County Socio-Economic Development	0.186	634	.200*	0.925	6	0.539
County Revenue Collections	0.168	634	0.076	0.932	24	0.107
Training In Revenue Mobilization	0.302	634	0.094	0.775	6	0.035
Revenue Mobilization Technology	0.184	634	.200*	0.932	6	0.597
Stakeholder Collaboration	0.29	634	0.125	0.837	6	0.122

4.6.3 Homoscedasticity

The Levene Statistic for equality of variances was used to test for the assumption of homoscedasticity. In this regard, the study hypothesized that the variance of each subgroup was the same. The desired result for non-violation of homoscedasticity was therefore to reject this hypothesis. Table 4.15 shows that testing at the 0.05 level of significance; none of the Levene statistics was significant. The assumption of homoscedasticity was not violated.

Table 4.15 Homoscedasticity

	Levene			
	Statistic	df1	df2	Sig.
County Socio-Economic Development	0.406	1	632	0.524
County Revenue Collections	2.243	1	632	0.135
Training In Revenue Mobilization	1.191	1	632	0.275
Revenue Mobilization Technology	7.4	1	632	0.087
Stakeholder Collaboration	1.494	1	632	0.222

4.6.4 Multicollinearity

Multicollinearity means that two or more of the independent variables are highly correlated and this situation can have damaging effects on the results of multiple regressions. The VIF values in Table 4.16 were less than four meaning that there was no Multicollinearity.

Table 4.16 Multicollinearity

	Collinearity Statistics	
	Tolerance	VIF
County Revenue Collections	0.345	2.9
Training In Revenue Mobilization	0.328	3.05
Revenue Mobilization Technology	0.633	1.58
Stakeholder Collaboration	0.627	1.595

a Dependent Variable: County Socio-Economic Development

4.7 Regression Analysis on Influence of County Revenue Collections on Socio-economic Development

The regression results from Table 4.16 show that the study multiple regression model had a coefficient of determination (R^2) of about 0.53. This means that 53% variation of county development is explained and predicted by joint contribution of parking fees, natural revenue rents, business licenses, loans, and community participatory framework and market dues.

Regression analysis is capable of depicting the relationship vector (direction and degree) involving a single dependent variable (criterion) and a set of independent (predictor) variables. In regression analysis, the relationships' results are formed by a combination of influences of the independent variables on a dependent variable. The degree and direction of influence by independent variables on dependent variables is likely to be established in regression analysis. Table 4.17 presents the results.

Table 4.17: Model summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.728a	0.53	0.49	0.6579

a Predictors: (Constant), Parking fees, Natural revenue rents(waterfalls, parks etc., Business licenses, Loans(Business, agricultural), Market dues

Source; (Field Survey, 2016)

The findings in Table 4.18 below showed that β_1 was 0.032 (p-value = 0.711 which is greater than $\alpha = 0.05$) which implies that we accept the hypothesis that there is no significant relationship between natural resource and county development. The effect of natural resource rents surpasses the effect attributed by the error, this is indicated by the t-test value = 0.711. The findings coincided with KWS (2005) report that wildlife resources contribute to local and national economy through revenue collection. Kenyans depend on wildlife for livelihood, shelter and other ecosystem goods and services.

The wildlife fulfills ecological functions for the interconnectedness of life-supporting systems. It has socio-cultural and aesthetic values and negative effects, on the ecosystem and alters the human's ability to survive. Community management of natural resources has the added advantage that it frees state resources at the center and allows for local political, administrative and fiscal decentralization. Over the years international organizations and governments have invested in community based programs and institutions to help manage natural resources (USAID, 2003, UNDP-GEF, 2004, Shyamsundar *et al.*, 2005, Emerton *et al.*, 2005). Findings also coincide with Government of Kenya's (GoK) report that the livelihoods of rural populations in most of county governments are heavily dependent on the local natural resource base. Thus natural resource management programmes directly affect the livelihood strategies and food security of local households.

Business licenses (β_2) = 0.259 or 25.9% implies that for every one percent increase in business licenses, there is 25.9% county socio-economic development if other variables are kept controlled. The relationship is positive and statistically significant. Furthermore, the effect of business licenses was stated by the t-test value = 2.346 which implies that the standard error associated with the parameter is less than the effect of the parameter. This might be to new business creation in the service sector which appears to have a positive impact on county government tax capacity. Moreover, complex business licensing systems have proved to be major driver for the startup and expansion of especially micro and small enterprises (Devas & Kelly 2010). International evidence shows that when well administered, these revenue instruments can provide substantial and reliable revenues for county governments.

In Anglophone Africa, the standard mechanisms for mobilizing revenues from businesses have been through licensing. Although the original intent was regulatory, local business licensing has increasingly become simply a revenue source in most places. Typically, business licenses generate between 5 per cent and 30 per cent of local government own revenues in urban councils. In many countries, however, the system has been quite unsatisfactory, often quite inequitable, and has imposed huge costs on business, while generating relatively little money. In Kenya, for instance, a common complaint from small and medium-sized enterprises has been that 'they do not know what to pay, where and to whom'. The regulatory aspects of the license system have been largely abandoned. In addition, poor policy design and weak administration mean that license coverage; assessment, collection, and enforcement rates are low, leading to poor revenue genera.

Loans (β_3) = 0.367 or 36.7% which implies that one percent increase in loans leads to 36.7 % of county development if other variables are kept controlled. The relationship is significant and the regression model is valid. Furthermore, the effect of loans was stated by the t-test value = 3.005 which implies that the standard error associated with the parameter is less than the effect of the parameter.

Similarly, findings in Table 4.18 showed that β_4 was -0.006 (p-value = 0.979) which is greater than $\alpha = 0.05$) which implies that there is no significant relationship between market dues and county development. The effect of market dues surpasses the effect attributed by the error, this is indicated by the t-test value = 0.979.

Finally, parking fees ($\beta_5 = 0.384$ or 38.4% which implies that one percent increase in parking fees, there is 38.4% of county development if other variables are kept controlled. The T-test value is 2.17 and significant at .000 level which is less than the 0.05. The relationship is significant and the regression model is valid. In some way Litman, (2006) suggests that the number of parking attendants influences the revenue collection. According to Litman, (2006), parking attendants are responsible for displaying a valid permit and observing limited waiting regulations; issue penalty charge notices to motorists; notify head office of pay-and-display meters, signs and lines in need of maintenance; arranging for vehicles to be clamped or removed; remove the cash from ticket machines and stocking the machines with tickets. These measures that the parking attendants are responsible for ensuring that the county government receives revenue. As such, when there is adequate staff to collect street parking fees, the government gets more revenue.

Table 4.18: Coefficient of Estimate

	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
	B	Std. Error	Beta	T	Sig.	Tolerance	VIF
(Constant)	1.248	0.262		4.762	0.000		
Natural revenue rents(waterfalls, parks etc.	0.027	0.073	0.032	0.371	0.711	0.948	1.055
Business licenses	0.19	0.081	0.259	2.346	0.022	0.911	1.001
Loans(Business, agricultural)	0.289	0.096	0.367	3.005	0.004	0.509	1.967
Market dues	-0.004	0.167	-0.006	-0.026	0.979	0.767	1.303
Parking fees	0.28	0.129	0.384	2.17	0.033	0.509	1.967

a Dependent Variable: county development

Source; (Field Survey, 2016)

4.8 Influence of Training in Revenue Mobilization on County Socio-economic Development in North Rift Region.

The study's second objective was to determine the influence of training in revenue mobilization on county socio-economic development in north rift region. To attain the objective the study first assessed the level of training in revenue mobilization, then regression the results with socio-economic development results. The findings are presented in Table 4.19.

Table 4.19 Training in Revenue Mobilization

		SD	D	N	A	SA	Mean	Std. Deviation
the county trains its employees on revenue collection strategies	Freq.	56	3	0	207	55	3.63	1.283
	%	17.4	0.9	0	64.5	17.1		
the county train members of the public importance of paying taxes , fees among others	Freq.	3	3	148	104	63	3.69	0.827
	%	0.9	0.9	46.1	32.4	19.6		
most of the business have been trained by county governments on how to use online registration of business license	Freq.	3	87	54	58	119	3.63	1.256
	%	0.9	27.1	16.8	18.1	37.1		
the county recruit well qualified and trainers of revenue collection	Freq.	3	60	8	153	97	3.88	1.071
	%	0.9	18.7	2.5	47.7	30.2		
employee in revenue collection departments regularly attend training on revenue management	Freq.	3	4	53	139	122	4.16	0.809
	%	0.9	1.2	16.5	43.3	38		
the county attend seminar and workshops on revenue generation	Freq.	3	57	51	193	17	3.51	0.877
	%	0.9	17.8	15.9	60.1	5.3		
Training							3.751	0.6676

Source; (Filed Survey, 2016)

The results from the study revealed that, 17.1% (55) strongly agreed that the County trains its employees on revenue collection strategies. The results suggest that there is some form of training to the County employees on revenue collection strategies. This is backed up by a mean of 3.63 and standard deviation of 1.283.

In determining whether the County trains members of the public on the importance of paying taxes, fees among others, the study revealed that; 19.6% (63) of the respondents strongly agreed. The results summed up to a mean of 3.69 and standard deviation of 0.827 implying that the members of the public are trained on the importance of paying taxes, fees among others.

In a related question of whether most of the businesses have been trained on how to use online registration of business license, results from the study revealed that, the question had a mean of 3.63 and standard deviation of 1.256. This was as a result of 37.1% (119) of the respondents strongly agreeing.

In order to find out whether, the County recruits well qualified and trainers of revenue collection, respondents were asked to state the degree to which they concurred with the above. Of the total respondents, 30.2% (97) of the respondents strongly agreed. The results summed up to a mean of 3.88 and standard deviation of 1.071 meaning that well qualified individuals are recruited by the County as well as trainers of revenue collection.

In regards to whether employees in revenue collection departments regularly attend training on revenue management. Of the total respondents, 38% (122) of the respondents strongly agreed. The results summed up to a mean of 4.16 and standard deviation of 0.809. This implies that employees in revenue collection department attend regular training on revenue management.

Finally, 5.3% (17) of the respondents strongly agreed that there is attendance of seminars and workshops on revenue generation. The item realized a mean of 3.51 and

standard deviation of 0.877. On the whole, seminars and workshops on revenue mobilization are attended.

Generally, the results on training summed up to a mean of 3.751 implying that the respondents were agreeable on most of the items. The standard deviation of 0.6676 on the other hand shows fewer variations in the responses.

To assess the influence of training in revenue mobilization on county socio-economic development, linear regression results and Pearson's correlation were used as shown in Table 4.20.

Table 4.20 Regression Analysis on Effect of Training in Revenue mobilization on Socio-Economic Development

	Unstandardized Coefficients		Standardized Coefficients			Correlations
	B	Std. Error	Beta	t	Sig.	Zero-order
(Constant)	1.552	0.141		10.993	0.000	
training	0.574	0.039	0.644	14.78	0.000	0.644
R Square	0.414					
Adjusted R Square	0.412					
F	218.444					
Sig.	.000b					

a Dependent Variable: socio-economic development

Source; (Field Survey, 2016)

Findings in Table 4.20 showed that training had coefficient of estimates which was significant basing on $\beta_1 = 0.644$ ($p\text{-value} = 0.000$ which is less than $\alpha = 0.05$) hence we reject hypothesis two and conclude that training has a significant effect on socio-economic development. This implies that for each unit increase in training, there is up to 0.644 unit increase in socio-economic development. Also the effect of training is shown by the t-test value of 14.78 which implies that the effect of training surpasses that of the error. Further, the results showed that training explained 41.4 percent

variation of socio-economic development (R squared =0.414). As well, the above discussed coefficient of determination was significant as evidence of F ratio of 218.444 with p value $0.000 < 0.05$ (level of significance). In line with the results, an empirical study carried out by Millvier (2005) revealed that tax collection improved with improved staff training. This was due to the fact that highly trained staff tends to be more motivated in their work thus ensuring that collection of revenue is done. As well, a study conducted by Ramaswami and Singh, (2003) on the relationship between staff training and tax collection revealed that job performance in the tax collection sector was influenced directly by extrinsic factors such as fairness of current training practices.

4.9 Influence of Revenue Mobilization Technology adoption on Socio-economic Development

The third objective of the study was to establish the influence of revenue mobilization technology on socio-economic development. The study first assessed the rate at which technology was incorporated in revenue mobilization. The findings are presented in Table 4.21.

In regards to whether the county uses electronic facilities in collecting revenue, 41.7% (134) of the respondents strongly agreed that the county uses electronic facilities in collecting revenue. The results were backed up by a mean of 4.21 and standard deviation of 0.852. This implies that the county makes use of electronic facilities in collecting revenue. This enhances the overall efficiency in collecting revenue, making it easier and convenient for the County government.

Table 4.21 Revenue Mobilization Technology

		SD	D	UD	A	SA	Mean	Std. Deviation
The county use electronic facilities in collecting revenue	Freq.	3	4	64	116	134	4.17	0.852
	%	0.9	1.2	19.9	36.1	41.7		
I like the technology applied by the county government in collecting revenue	Freq.	0	6	53	119	143	4.24	0.793
	%	0	1.9	16.5	37.1	44.5		
The use of technology ease revenue collection	Freq.	0	16	112	102	91	3.83	0.898
	%	0	5	34.9	31.8	28.3		
The technology used by the county government is adequate	Freq.	0	59	61	146	55	3.61	0.975
	%	0	18.4	19	45.5	17.1		
The technology speeds collection of revenue	Freq.	69	3	109	140		4	1.144
	%	21.5	0.9	34	43.6			
Technology							3.9707	0.80716

Source; (Field Survey, 2016)

The study further enquired from the respondents whether they like the technology applied by the County government in collecting revenue. The results revealed that 44.5% (143) of the respondents strongly agreed that they like the technology applied by the County government in collecting revenue, 37.1% (119) of them agreed. The results summed up to a mean of 4.24 and standard deviation of 0.793. The results suggests that majority (81.6%) of the respondents like the technology applied by the County government in collecting revenue. This could be results of its convenience and simplicity.

In relation to whether the use of the technology eases revenue collection, the results were positive with 28.3% (91) of the respondents in strong agreement. The item realized a mean of 3.83 and standard deviation of 0.898. When the respondents were asked, whether the technology used by the county government is adequate. The results

summed up to a mean of 3.61 and standard deviation of 0.975. The results suggest that the technology used by the County government is adequate.

Finally, 43.6% (140) of the respondents agreed that the technology speeds collection of revenue. The item realized a mean of 4 and standard deviation of 1.144. This suggests that the technology in use speed up collection of revenue. Generally, the results on technology summed up to a mean of 3.9707 and a standard deviation of 0.80716. This implies that the respondents were generally in agreement. The standard deviation on the other hand is indicative of fewer variations in the responses. Muriithi & Moyi (2003) suggest that technology adoption had a positive impact on the overall tax structure and on revenue collection. Further the study analyzed the influence of revenue mobilization technology on socio-economic development using linear regression model and Pearson correlation as shown in Table 4.22

Table 4.22 Regression Analysis on Effect of Revenue Mobilization Technology adoption on Socio-Economic Development

	Unstandardized Coefficients		Standardized Coefficients			Correlations Zero-order
	B	Std. Error	Beta	t	Sig.	
(Constant)	1.688	0.149		11.32	0.000	
technology	0.508	0.039	0.596	13.035	0.000	0.596
R Square	0.355					
Adjusted R Square	0.353					
Durbin-Watson	2.479					
F	169.922					
Sig.	.000					

a Dependent Variable: social-economic development

Source; (Field Survey, 2016)

Study findings in Table 4.22 showed that technology had coefficients of estimate which was significant based on $\beta = 0.596$ (p-value = 0.000 which is less than $\alpha = 0.05$) hence the study reject hypothesis three and conclude that technology has a

significant effect on socio-economic development. This indicates that for each unit increase in technology, there is up to 0.596 units increase in socio-economic development. The effect of technology is stated by the t-test value = 13.035 which point out that the effect of technology is over 13 times that of the error associated with it. Additionally, the results showed that technology explained 35.5 percent variation of socio-economic development (R squared =0.355). As well, the above discussed coefficient of determination was significant as evidence of F ratio of 169.922 with p value 0.000 <0.05 (level of significance). In a similar vein, Aamir *et al.*, (2011) elucidate that modernization and technology adoption in the tax system had a significant impact on collection of street parking fees. Further support to the study findings is by Teera (2002) who found out that the use of more technological reforms in the streets enhanced the amount of revenue collected through licenses, fees and taxes.

4.10 Influence of Stakeholder Collaboration in Revenue Mobilization on Socio-economic Development

The fourth objective of the study was to find out the influence of stakeholder collaboration in revenue mobilization on socio-economic development in counties. The results are as presented in Table 4.23 and 4.24.

Table 4.23 Influence of Stakeholder Collaboration in Revenue Mobilization on Socio-economic Development

		SD	D	UD	A	SA	Mean	Std. Deviation
the county involve members of the public in making revenue collection policy	Freq.	0	6	59	197	49	3.92	0.666
	%	0	2.5	19	62.6	15.9		
the county involve national government officials in making revenue collection policy	Freq.			250	60		3.21	0.405
	%			79.4	20.6			
the county collaborate with potential donors in strategizing on revenue generation	Freq.	0	48	157	9	97	3.49	1.09
	%	0	15.9	49.8	3.4	30.8		
the county allows business community to participate in revenue collection strategies making	Freq.	107	55	17	132		3.56	1.334
	%		34.3	17.8	5.9	42.1		
stakeholders collaboration							3.543	0.64925

Source; (Field Survey, 2016)

From the findings, 15.9% (49) of the respondents strongly agreed that the county involves members of the public in making revenue mobilization policies. The mean value of 3.92 was confirmation that the county involves members of the public in making revenue mobilization policy while the standard deviation of 0.666 further revealed the degree of variation in the responses.

In a bid to establish if the county involves national government officials in making revenue mobilization policies, the respondents were asked to respond accordingly. 20.6% (60) of them agreed. The item realized a mean of 3.21 and standard deviation of 0.405 implying that it is undefined whether the county involves national government officials in making revenue mobilization policies.

To establish whether the county collaborates with potential donors in strategizing on revenue mobilization, respondents were requested for their opinion and the results were such that, 30.8% (97) of the respondents strongly agree. The results summed up to a mean of 3.49 and standard deviation of 1.09. The results suggest that there is collaboration with potential donors in strategizing on revenue mobilization.

In order to ascertain whether the county allows business community to participate in revenue mobilization approaches formulation, the respondents were asked to respond accordingly. The results revealed that, 42.1% (132) of them agreed, 17.8% (55) of them disagreed, and 34.3% (107) strongly disagreed while 17.8% (55) of the respondents were neutral. This summed up to a mean of 3.56 and standard deviation of 1.334. Generally, the results on stakeholder collaboration summed up to a mean of 3.5436 and standard deviation of 0.64925. Table 4.24 illustrates the results on the effect of stakeholder collaboration in revenue mobilization on socio-economic development.

Table 4.24 Stakeholder collaboration on Socio-economic development

	Unstandardized Coefficients		Standardized Coefficients			Correlations
	B	Std. Error	Beta	t	Sig.	Zero-order
(Constant)	2.036	0.185		11.001	0.000	
Stakeholders Collaboration	0.450	0.053	0.435	8.499	0.000	0.435
R Square	0.189					
Adjusted R Square	0.187					
Durbin-Watson	2.429					
F	72.23					
Sig.	.000					

a Dependent Variable: socio-economic development

Source; (Field Survey, 2016)

The results in the Table showed that stakeholder collaboration had coefficient of estimate which was significant basing on $\beta = 0.435$ (p-value = 0.000 which is less than $\alpha = 0.05$) and reject hypotheses four and conclude that stakeholder collaboration

had a significant effect on socio-economic development. This indicates that for each unit increase in stakeholder collaboration, there is up to 0.435 units increase in socio-economic development. The effect of stakeholder collaboration is stated by the t-test value = 8.499 which point out that the effect of technology is over 8 times that of the error associated with it. Furthermore, the results showed that stakeholder collaboration explained 18.9 percent variation of socio-economic development ($R^2 = 0.189$). As well, the above discussed coefficient of determination was significant as evidence of F ratio of 72.23 with p value 0.000 < 0.05 (level of significance).

As Mboga (2009) put it, the community participatory framework enables the local community to participate in the affairs of the Municipality in an organized manner and contribute in whichever way possible to socio-economic development. This agrees, with the study findings. Consistent with the study findings, Jaivier (2008) in his qualitative study among 10 randomly selected community projects and initiatives argued that finding new ways of engaging revenues in the local environment for example, funds, people, goods and services to support an organization and make it self-sustaining contributed significantly to sustainability in the counties.

On the same note, Aniket (2009) meta-analysis of 10 randomly selected local community initiatives found that by putting together their time and revenues, citizens, institutions, businesses it directly contributes to the positive development of their communities' thus ensuring development. In a similar vein, Keen (2009) infers that raising revenues locally gives community initiatives more independence and flexibility to implement activities targeting needs that they find important. Ultimately, the locals are involved in their organization's mission thus enhancing development in

the counties. Further support to the study findings is an assertion by Michael (2009) who found that mobilizing local revenues increases the sustainability of community initiatives thus ensuring their sustainability.

4.11 Revenue Mobilization Infrastructure Development On Socio-Economic Development

The fifth objective was to assess influence of revenue mobilization infrastructure development on socio-economic development. The findings are as presented in Table 4.25 and 4.26.

Table 4.25 Revenue Mobilization Infrastructure Development

		SD	D	UD	A	SA	Mean	Std. Deviation
the county has put adequate infrastructure to facilitate revenue collection	Freq	0	49	99	11	152	3.86	1.192
	%	0	15.8	31.8	3.5	48.9		
the county infrastructure for revenue collection are in good status	Freq	0	51	111	149	0	4.32	0.739
	%	0	16.4	35.7	47.9	0		
we are able to perform our duties effectively with the existing infrastructure	Freq	0	51	59	106	95	3.62	1.355
	%	0	16.4	19	34.1	30.5		
the county offices for revenue are well equipped	Freq	0	60	183	56	12	3.06	0.724
	%	0	19.3	58.8	18	3.9		
Total							3.7146	0.73201

Source; (Field Survey, 2016)

The results from the study indicated that 48.9% (152) of the respondents strongly agreed that the county has put adequate infrastructure to facilitate revenue collection. The item realized a mean of 3.86 and standard deviation of 1.192 implying that there is adequate infrastructure put in place by the county to facilitate revenue collection.

In regards to whether the County infrastructure for revenue collection is in good status, of the total respondents, 47.9% (149) of the respondents agreed. This position was further confirmed by the 4.32 mean and standard deviation of 0.739.

Further, the study sought to find out if the respondents are able to perform out duties effectively with the existing infrastructure. Results indicated that 30.5% (95) of the respondents strongly agreed, 34.1% (106) agreed. The results summed up to a mean of 3.62 and standard deviation of 1.355 indicating that the respondents are capable of performing their duties effectively with the existing infrastructure.

Finally, 3.9% (12) of the respondents strongly agreed that the county offices for revenue mobilization are well equipped, 18% (56) of them agreed. The item realized a mean of 3.06 and standard deviation of 0.724, an indication that there is uncertainty as to whether the county offices are well equipped.

The results on revenue mobilization infrastructure summed up to a mean of 3.7146 and a standard deviation of 0.73201 meaning that generally the respondents were agreeable on most of the items. Also, there were less variations in the responses.

Table 4.26 Infrastructure on Socio-economic development

	Unstandardized Coefficients		Standardized Coefficients			Correlations Zero-order
	B	Std. Error	Beta	t	Sig.	
(Constant)	2.075	0.169		12.309	0	
infrastructure	0.424	0.046	0.461	9.134	0	0.461
R Square	0.213					
Adjusted R Square	0.21					
Durbin-Watson	2.472					
F	83.426					
Sig.	.000b					

a Dependent Variable: socio-economic development

Source; (Filed Survey, 2016)

Findings in Table 4.26 showed that revenue mobilization infrastructure had coefficients of estimate which was significant based on $\beta = 0.461$ ($p\text{-value} = 0.000$ which is less than $\alpha = 0.05$) hence reject the hypothesis and conclude that revenue mobilization infrastructure has a significant effect on socio-economic development. This implies that for each unit increase in revenue mobilization infrastructure, there is up to 0.461 unit increase in socio-economic development. Also the effect of revenue mobilization infrastructure is shown by the t-test value of 9.134 which implies that the effect of revenue mobilization infrastructure surpasses that of the error.

Further, the results showed that revenue mobilization infrastructure explained 21.3 percent variation of socio-economic development ($R\text{ squared} = 0.213$). Besides, the above discussed coefficient of determination was significant as evidence of F ratio of 83.426 with p value $0.000 < 0.05$ (level of significance). In line with the results, Freeman and Langbein (2000), notes that involving stakeholders, governments and public agencies create access to information resources hence impact positively on performance. However, there was doubt whether the county involves the national government officials in making revenue mobilization policies. Consistent with the results, Aschauer (2009) elucidates that an adequate supply of infrastructure services is a key ingredient for socio-economic development. Similarly, Merna & Njiru (2002) notes that, financing public infrastructure is a crucial issue, since it has an influence on the overall performance.

4.12 Challenges Faced By County Governments in Implementing Revenue Mobilization Approaches.

The sixth objective was to assess the challenges faced by the County governments in implementing revenue mobilization strategies. Table 4.27 below presents the results.

Table 4.27: Challenges Faced By County Governments in Implementing Revenue Mobilization Approaches.

		SD	D	U	A	SA
Low caliber of revenue staff.	Freq.	16	17	0	39	6
	%	20.5	21.8	0	50	7.7
Lack of basic amenities.	Freq.	7	10	7	45	9
	%	9	12.8	9	57.7	11.5
Poor monitoring.	Freq.	4	13	0	40	21
	%	5.1	16.7	0	51.3	26.9
Inadequate logistics.	Freq.	9	11	3	45	10
	%	11.5	14.1	3.8	57.7	12.8
Poor tax education.	Freq.	4	5		53	16
	%	5.1	6.4		67.9	20.5
Lack of motivation.	Freq.	4	6		57	11
	%	5.1	7.7		73.1	14.1
Under declaration of revenue by collectors.	Freq.	9	16		46	7
	%	11.5	20.5		59	9
Lack of data for items to be taxed.	Freq.	8	9	3	48	10
	%	10.3	11.5	3.8	61.5	12.8
Unreliable revenue data.	Freq.	11	11	49	7	
	%	14.1	14.1	62.8	9	
Poor expenditure control	Freq.	7	14	14	37	6
	%	9	17.9	17.9	47.4	7.7
Inadequate revenues for revenue mobilization	Freq.	13	15	3	38	9
	%	16.7	19.2	3.8	48.7	11.6

Source; (Field Survey, 2016)

As shown in the Table, 7.7% of the respondents agreed that the lower caliber of revenue staff has made it a challenge to implement revenue mobilization strategies and 50% of the respondents agreed on the same. Further, 11.5% of the respondents strongly agreed that there is lack of basic amenities with 57.7% of them strongly agreeing in relation to monitoring, 26.9% of the respondents strongly agreed that there is poor monitoring, besides, 12.8% of the respondents strongly agreed that there is inadequate logistics. Further, 20.5% of the respondents strongly agreed that there is poor tax education, 67.9% of the respondents agreed, though 6.4% of the respondents disagreed and 5.1% of them strongly disagreed. In conformity with study findings, Muhammad, (2010) argued that the rules and regulations that govern accessing and applying for government funds and revenues make it difficult for organizations to access revenues.

On the same note, Will Allen, (2007) cited inadequate strategic and operational plans as a major factor posing a challenge to effective implementation of revenue mobilization approaches. Similarly, Parks, (2008) asserts that there is duplication of revenues particularly where there are about ten or more county initiatives within the same geographical area and all offer the same services at the expense of other areas that require equal attention. This brings about competition among the county initiatives rather than cooperation. There is also the issue of transparency and accountability where collectors have also evidenced many organizations fail (Peatey, 2008) . This in the study by under declaration of revenue.

With respect to motivation, 14.1% of the respondents strongly agreed that there is lack of motivation, Additionally, 9% of the respondents strongly agreed that there is under declaration of revenue by collectors, Moreover, 12.8% of the respondents strongly agreed that there is lack of data for items to be taxed, also 9% of the respondents agreed that there is unreliable revenue data. In regards to expenditure controls, 7.7% of the respondents strongly agreed that there is poor expenditure controls, finally, 11.6% of the respondents strongly agreed that there is inadequate revenues for mobilization.

Cognate to the study findings, Liam, (2013) posits that an active revenue mobilization committee seems to be effective and successful in their revenue mobilization efforts thus ensuring development in county governments. It is also important to monitor, discuss, document the revenue mobilization approach and the improvements made to it, (Li Yuwen, 2011). Additionally, Susan (2009) infers that it is important for an organization to build its internal capacity to mobilize resources since revenue mobilization is a continuous process.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Overview

This chapter presents the summary of findings, conclusion, recommendations and areas for further studies.

5.1 Summary of the Findings

The study explored the influence of revenue mobilization approaches on socio-economic development in counties, with emphasis to North Rift region and findings are as shown below.

5.1.1 County Collections and Socio-Economic Development

Based on study findings, business licenses ($\beta=0.259, p<0.5$), parking fees ($\beta=0.384, p<0.5$), and loans ($\beta=0.367, P<0.5$) as county collections for revenue mobilization enhances socio-economic development. The revenue mobilization approaches are of essence since they contribute towards county socio-economic development. For instance, the Community Participatory Framework makes it possible for the local community to participate in the affairs of the county government. The locals are therefore able to give their input into and comment on county issues. The study findings have revealed that it is safe to do business with the county government and there is ease in the payment of bills. There is however doubt whether there is use of modern equipment, visually appealing physical facilities, physical facilities that are in line with the services provided, ability of the county staff to keep promises, sincere interest in solving customer problems, dependability in service provision, accuracy of statements kept, easy retrieval of county information,

prompt service to customers, provision of quality service to customers, provision of clear documents, sufficient county offices in different geographical areas, availability of hot lines, web sites, and computers in the offices for customers to check their bills.

5.1.2 Training in Revenue Mobilization and Socio-Economic Development

The results on the influence of training of revenue staff in revenue mobilization on county socio-economic development ($\beta=0.644$, $P<0.5$) revealed that there is to a small extent some form of training to the County employees on revenue collection policies and approaches. In fact, well qualified individuals are recruited by the Counties as well as trainers on revenue collection. Besides, members of the public are trained on the importance of paying taxes, fees among others. In addition, employees in revenue collection department attend regular trainings on revenue management. There are also seminars and workshops. Moreover, most of the businesses have been taught by the county governments on how to use online registration of business license.

5.1.3 Revenue Mobilization Technology Adoption and Socio-economic Development

With regard to the influence of technology adoption in revenue mobilization on county socio-economic development ($\beta=0.596$, $p<0.5$), the results were such that the respondents affirmed that the counties make use of electronic facilities in collecting revenue which makes it easier and convenient for the County government. Technology eases revenue collection and speeds up the process of collection of revenue. As such, the technology used by the County government is adequate. Technology adoption through automated systems has been proven to be capable of

introducing massive efficiencies to collection of street parking fees that can result in increased revenue.

5.1.4 Stakeholder Collaboration and Socio-economic Development

In regards to stakeholder collaboration, the counties involve members of the public in making revenue mobilization policies ($\beta=0.435$, $p<0.5$) through public participation as envisaged in the (Constitution of Kenya, 2010). There is also collaboration with potential donors in strategizing on revenue mobilization. Furthermore, the county allows the business community to participate in revenue collection approaches formulation.

5.1.5 Revenue Mobilization Infrastructure and Socio-economic Development

Finally, results on revenue mobilization infrastructure revealed that there is adequate infrastructure put in place by the counties to facilitate revenue mobilization ($\beta=0.461$, $p<0.5$). Besides, the County infrastructure for revenue collection is in good status and the respondents confirmed that they are capable of performing their duties effectively with the existing infrastructure. Despite this, it was not fully ascertained whether the county offices are well equipped.

5.1.6 Challenges in Implementing Revenue Mobilization Strategies

There are a number of challenges that are faced by the County governments in their attempts to implement revenue mobilization strategies. These challenges are lower caliber of revenue staff, lack of basic amenities, poor monitoring, inadequate logistics and infrastructure, poor tax education, lack of motivation, under declaration of revenue by collectors, lack of data for items to be taxed, unreliable revenue data, poor

expenditure control and inadequate revenues for revenue mobilization. The study has revealed that efforts have been made by the county governments to ensure that there is adequate enforcement, interaction with stakeholders, team work among the staff collecting revenue and ensuring that the staff has the necessary skills and accountable knowledge. Experienced and skilled personnel are needed if there is to be success in revenue mobilization. Moreover, a clear financial reporting and auditing arrangements are also essential in meeting the goals of county development.

5.2 Conclusions of the Study

The study concludes that approaches for revenue mobilization greatly influence county socio-economic development. Firstly, the study from the regression analysis revealed that there was a statistically significant relationship between business licenses, loans and parking fees and county socio-economic development. However, natural resource rents, community participatory framework as well as market dues did not contribute significantly to county socio-economic development. This is an indication that these approaches have not generated sufficient revenue to the county governments as expected. It appears therefore that raising revenue locally is a challenge hence impeding county socio-economic development. Based on the findings property taxes and business licenses and permits have many attractions as local bases, but they also have some obvious weaknesses that need to be taken into consideration before heavy reliance is placed on them. Often the capability and capacity of the county governments are inadequate to administer the property tax at a low cost. These administrative weaknesses are manifested in problems of valuation and arbitrariness in tax assessment and enforcement.

Secondly, having a revenue mobilization approach helps in allocating resources where they are most needed, and ultimately leads to county socio-economic development. In the context of the study, the revenue mobilization approaches have contributed to safety in doing business together with ease in the payment of bills. It is unsuitable that the approaches have not fully leveraged the counties' and the locals' ability to contribute to socio-economic development. Modern equipment have not been fully utilized and customers cannot affirm that service provision is dependable and one that can be relied on.

Thirdly, Training of employees is crucial since it increases their level of understanding on the job they are tasked with. Specifically, it is pivotal to the realization of high output levels. In the context of the County governments, training in revenue mobilization has increased employees knowledge on revenue mobilization approaches and also raised awareness to the members on the importance of paying taxes, fees among others. This has been attained through intensified training on revenue management mostly through seminars and workshops. Also, businesses have been taught on how to use online registration of business licenses. The resulting outcome is improved revenue collection which leads to county socio-economic development.

Fourthly, Technology adoption makes it possible for the County governments to meet its revenue collection targets thus leading to socio-economic development. Technology improves the efficiency and effectiveness of revenue mobilization through the use of electronic facilities in mobilizing revenue. It is thus easier and convenient for the county governments in that the process of revenue mobilization is eased.

Fifthly, stakeholder collaboration has a positive and significant influence on county socio-economic development. It is effective in that it increase the performance of policies in terms of service outputs and outcomes. As such, whenever there is collaboration with potential donors in strategizing on revenue mobilization and involvement of the business community in revenue collection approaches formulation, the eventual outcome is improved hence county socio-economic development.

Finally, the study has established that revenue mobilization infrastructure development is instrumental in enhancing socio-economic development. Precisely, adequate infrastructure put in place by the County governments facilitates the process of revenue mobilization. As a result, whenever infrastructure for revenue collection is in good status, duties are performed accordingly by the County staff. The end result is improved County socio-economic development.

Revenue mobilization is impeded by a number of challenges. For instance, there is capacity limitation in terms of the human resource due to having lower caliber of revenue staff. As such, pursuing effective revenue mobilization approaches remains elusive. There is also lack of basic amenities, poor tax education and inadequate revenues for revenue mobilization just to mention a few. It is therefore evident that there is lack of a sound system for financial management, proper monitoring and the management of revenue mobilized. It is therefore difficult to reap benefits from the different sources of revenue.

5.3 Recommendations for the study

Based on the findings, the study was able to make various, theoretical and policy recommendation. Also, recommendations for further studies were highlighted.

5.3.1 Theoretical recommendation

This thesis validates existing studies, conceptual framework and recourse based theory which have already argued that revenue mobilization strategies and approaches as resource management tools contribute significantly to county socio-economic development. This is the first of its kind in sub-Saharan Africa to apply resources based view in the concept of county or local governments. The study has added sufficient insights to the existing body of literature on revenue mobilization approaches particularly in the Kenyan context. The thesis has explored the challenges faced by the County governments in implementing revenue mobilization approaches and has explored the appropriate revenue mobilization approaches for county socio-economic development.

5.3.2 Policy Recommendations

Essentially, the county governments need to take initiatives towards generating an annual surplus of revenues over expenditures. The surplus in this case can be used to cover payments to investors that provide new long term financing to the counties. The county governments should also ensure that all businesses in operation have licenses and duly registered in the county revenue data bases. In the case of mobilizing parking fees, the county governments should ensure that the number and organization of parking slots are sufficient and satisfactory.

The county governments need to reform and intensify the existing revenue mobilization approaches so that they can effectively contribute to county development. Also, the county governments need to look for innovative ways of raising funds. For this to work, it is important to tailor the revenue mobilization

approach to counter dishonesty in revenue mobilization and other forms of revenue leakages at all points of revenue collection.

In order to benefit from revenue mobilization, it is important to tackle the challenges that impede the process of mobilizing the revenue. As to staff, it is instrumental to ensure that there is sufficient staff that is well trained on tax education. In fact, the counties need to consider the approach of selecting staff and other interested stakeholders with experience and expertise in the field to form a revenue mobilization committee. The county governments can also increase sensitization, mobilization and publicity to the community about the importance of revenue mobilization. This will tackle issues of inadequate revenues for mobilization. Furthermore, there is need for proper monitoring and the management of revenue mobilized together with a sound system for financial management. To sum up, there is need to determine and set revenue mobilization targets and thereafter select mobilization tools.

County governments collect revenue from taxes and fees. The implementation of innovative revenue collection approaches can enhance the counties' structures, manpower planning, training, new approaches to compensate management and adaptation of total quality management, and developing teamwork among management and staff.

Although this study is conducted in counties in the North Rift region in Kenya, some general implications can be derived for theoretical literature on this topic that are not localized to the scope of the study. From a theoretical perspective, this research provides an understanding of how revenue mobilization approaches can contribute to county socio-economic development.

The study established that training in revenue mobilization results in improved county socio-economic development. It is therefore utmost important for County employees to have some form of training on revenue collection approaches. Also, the County governments need to ensure that well qualified individuals are recruited and the members of the public are trained on the importance of paying taxes. Similarly, businesses need to be taught on how to use online registration of business licenses. The above considerations will enhance revenue mobilization and in turn lead to improved socio-economic development.

The study established that technology adoption improves efficiency and effectiveness of revenue mobilization. There is thus need for the County governments to intensify the use of electronic facilities in collecting revenue since it is easier and convenient. Such technologies will make it possible for the County governments to speed up the process of collection of revenue thus leading to enhanced socio-economic development.

Stakeholder collaboration has been found to impact positively on county socio-economic development. As a result, the County governments need to increase its collaboration with potential donors, business community, civil society organizations and members of the public in strategizing on revenue mobilization.

Finally, since revenue mobilization infrastructure is of essence in improving revenue mobilization on county socio-economic development, it is important for the County governments to ensure that there is adequate infrastructure to facilitate revenue mobilization. Most important, the infrastructure needs to be in good status so that it is easier for the employees to conduct their duties effectively.

5.4 Recommendations for Further Research

The primary objective of the study was to explore the influence of revenue mobilization approaches on socio-economic development in counties with emphasis to North Rift region. The following were recommendations for further research.

- a) The study was limited to the North-rift region hence the need to draw a sample of respondents on a larger sample e.g. the entire country for the sake of generalizing the results of the study.
- b) Further study should be carried out to examine, County Government expenditure and efficiency levels of administrators.
- c) A study to be conducted to establish other determinants of effective revenue mobilization in the county governments to enhance county development.
- d) A study on Sustained Revenue Mobilization Strategy on Poverty Alleviation.

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APPENDICES

Appendix I: Questionnaire for Members of the County Departments

Dear Participant,

This questionnaire seeks to explore revenue mobilization strategies in County governments in Kenya. The research is meant for academic purpose only.

You are among the many participants who have been selected to participate in this study. Your co-operation and assistance in completing this questionnaire will be highly appreciated. All the information given will be considered and treated with utmost confidentiality.

Let me take this opportunity to thank you in advance for taking part in this study.

SECTION A: BACKGROUND INFORMATION.

For each item please respond by putting a tick in the appropriate box.

1. Gender 1) Male 2). Female
2. Age: 20-29 yrs. () 30-40 yrs. () 40-50yrs () above 50 yrs. ()
3. Highest professional/academic qualification.
 - a). KCPE b). Certificate). Diploma
 - d). Degree e) Masters f) PhD
4. In which department do you work?

5. For how long have you worked in your current department?
 - a) 0-6 months b). 7-12 months c) 1- 2 years
 - d) Over 2 years

SECTION B: COUNTY COLLECTIONS

1. a) What revenue mobilization strategies have your county adopted? (Please respond by ticking)

a) Property taxes () b) Natural revenue rents () c) Business licenses ()

d) Loans () e) Community participatory framework ()

f) Market dues and fees () g) Any other (please specify).....

b) Kindly rate the performance of each revenue mobilization strategy with regard to revenue generation to the county government.

		Highly Effective	Effective	Don't know	Ineffective	Highly ineffective
C1	Property tax					
C2	Natural revenue rents					
C3	Business licenses					
C4	Loans					
C5	Market dues & fees					

.....

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SECTION C: TRAINING IN REVENUE MOBILIZATION

Please tick the most appropriate number that corresponds closely to your desired response. Specify on scale of 1-5 representing the degree to which you agree or disagree with the following attributes.

		SA	A	N	D	SD
T1	the county trainee it employees on revenue collection strategies					
T2	the county trainee members of the public the importance of paying taxes , fees among others					
T3	most of the business persons have been trained on how to use online registration of business license					
T4	the county recruit well qualified and trainers of revenue collection					
T5	employee in revenue collection departments regularly attend training on revenue management					

SECTION D: REVENUE MOBILIZATION TECHNOLOGY

Please tick the most appropriate number that corresponds closely to your desired response. Specify on scale of 1-5 representing the degree to which you agree or disagree with the following attributes.

		1	2	3	4	5
Tech1	The county use electronic facilities in collecting revenue					
Tech2	I like the technology applied by the county government in collecting revenue					
Tech3	The use of technology ease revenue collection					
Tech4	The technology used by the county government is adequate					
Tech5	The technology speeds collection of revenue					

SECTION C: STAKEHOLDER COLLABORATION

Please tick the most appropriate number that corresponds closely to your desired response. Specify on scale of 1-5 representing the degree to which you agree or disagree with the following attributes.

		SA	A	N	D	SD
SC1	The county involve members of the public in making revenue collection policy					
SC2	The county involve national government officials in making revenue collection policy					
SC3	The county collaborate with potential donors in strategizing on revenue generation					
SC4	The county allows business community to participate in revenue collection strategies making					

SECTION D: INFRASTRUCTURE DEVELOPMENT

Please tick the most appropriate number that corresponds closely to your desired response. Specify on scale of 1-5 representing the degree to which you agree or disagree with the following attributes.

		SA	A	N	D	SD
ID1	the county has put adequate infrastructure to facilitate revenue collection					
ID2	the county infrastructure for revenue collection are in good status					
ID3	we are able to perform out duties effectively with the existing infrastructure					
ID4	the county offices for revenue are well equipped					

SECTION E: CHALLENGES FACED BY COUNTY GOVERNMENTS IN THE NORTH RIFT IN IMPLEMENTING REVENUE MOBILIZATION STRATEGIES

1-Strongly Disagree (SD), 2 – Disagree (D), 3 – Undecided (U), 4 – Agree (A), 5 – Strongly Agree (SA)

	1	2	3	4	5
Low caliber of revenue staff.					
Lack of basic amenities.					
Poor monitoring.					
Inadequate logistics.					
Poor tax education.					
Lack of motivation.					
Under declaration of revenue by collectors.					
Lack of data for items to be taxed.					
Unreliable revenue data.					
Poor expenditure control					
Inadequate revenues for revenue mobilization					

2. a)What are the challenges your county government faces in mobilizing local revenues

.....

b) What do you think should be done to address the above mentioned challenges?

.....

SECTION F: APPROPRIATE REVENUE MOBILIZATION STRATEGIES FOR DEVELOPMENT IN COUNTY GOVERNMENTS

1-Strongly Disagree (SD), 2 – Disagree (D), 3 – Undecided (U), 4 – Agree (A), 5 – Strongly Agree (SA)

	1	2	3	4	5
The county government should establish monthly revenue collection targets for the collectors;					
The County government should provide bonus and other incentives for revenue collectors;					
The County government should undertake revenue mobilization education or training for its employees;					
The County government should prosecute rate defaulters promptly;					
The County government should introduce system that rewards innovation in revenue mobilization strategies;					
The County government should update its revenue database regularly;					
More markets should be built by the County government for distribution to traders in order to ensure that the city center's is decongested and also build satellites market in the various areas for the people to sell their goods and services to attract the collection of revenue					

- c) Kindly suggest the appropriate revenue mobilization strategies that can be adopted by the county government to drive development

SECTION G: COUNTY SOCIO-ECONOMIC DEVELOPMENT

Please indicate your degree of agreement on the following development. Rate the below Questions as follows: Strongly Disagree = Disagree = Moderately Agree = Agree = Strongly Agree

		SD	D	MA	A	SA
SEC1	The county has modern equipment					
SEC2	The county physical facilities are visually appealing					
SEC3	The physical appearance of physical facilities is in keeping with the type of services provided					
SEC4	The county staff keep promises for example when promised a certain document will be available on certain date					
SEC5	The county staff show sincere interest in solving customers problems for them					
SEC6	The county is dependable in providing with services					
SEC7	The county keeps accurate statement accurately					
SEC8	County related service information can easily be obtained					
SEC9	County employees promptly serve customers					
SEC10	I trust my county government to give quality services					
SEC11	I feels safe to do business with the county governments					
SEC12	The county provide us with clear documents					
SEC13	The county has sufficient offices in different geographic areas					
SEC14	The county setups hot lines, web site, and computers in the offices for customers to check their bills					
SEC15	It is easy to pay bill					

Appendix II: Interview Guide for Governors and Secretaries

Dear Participant,

The research seeks to explore revenue mobilization strategies in County governments in Kenya. The findings of the study will be for academic purpose only.

You are among the many participants who have been selected to participate in this study. Your co-operation and assistance in providing data will be highly appreciated. All the information given will be considered and treated with utmost confidentiality.

Let me take this opportunity to thank you in advance for taking part in this study.

SECTION A: BACKGROUND INFORMATION.

For each item please respond by putting a tick in the appropriate box.

1. Gender 1) Male 2). Female
2. Age: 20-29 yrs. () 30-40 yrs. () 40-50yrs () Above 50 yrs. ()
3. Highest professional/academic qualification.
 - a). KCPE b). Certificate c). Diploma
 - d). Degree e) Masters f) PhD
4. For how long have you worked in your current department?
 - a) 0-6 months b). 7-12 months c) 1- 2 years
 - d) Over 2 years

SECTION B: PERTINENT INFORMATION

1. What is the main source of revenue in county?

2. a) Kindly rate the revenue collection exercise in your county.

b) What challenges is your county facing in revenue collection.

c) What do you think should be done to enhance revenue collection for development?

3. What local revenue mobilization strategy has your county government adopted?

b) Kindly evaluate each of the local revenue mobilization strategy with regard to revenue generation and county development.


c) What challenges do you face as a county in mobilizing the local revenues?

d) What are the ways you think the challenge (s) you have mentioned in (4c) can be addressed to drive development in your county?

4. a) How do you rate employment opportunities in your county?

b) If the employment opportunities are not sufficient in 4a) above, how is your county addressing the state of unemployment?

Appendix III: Research Authorization Letter



**NATIONAL COMMISSION FOR SCIENCE,
TECHNOLOGY AND INNOVATION**

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Ref. No. **NACOSTI/P/16/66874/10322** Date: **6th April, 2016**


Dominic K. Biwott
Moi University
P.O Box 3900-30100
ELDORET.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on "*Assessment of revenue mobilization strategies for County development in North Rift region, Kenya*," I am pleased to inform you that you have been authorized to undertake research in **Bungoma, Elgeyo-Marakwet, Nandi, Trans Nzoia, Uasin-Gishu and West Pokot Counties** for a period ending **6th April, 2017**.

You are advised to report to the **County Commissioners and the County Directors of Education, selected Counties** before embarking on the research project.


On completion of the research, you are expected to submit **two hard copies and one soft copy in pdf** of the research report/thesis to our office.


DR. M. K. RUGUTT, PhD, HSC.
DIRECTOR-GENERAL/CEO

Copy to:

The County Commissioners
Selected Counties.

The County Directors of Education
Selected Counties.



Appendix IV: Research Permit

