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**“THE EFFECT OF STAFF, COMMUNITY, POLICY AND
CORRUPTION ON TAX COLLECTION IN BUNGOMA COUNTY”**



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Abstract

The study analysed the factors effect of staff, community, policy and corruption on collection in Bungoma County. It was limited to effect of staff, community, policy support system and corruption on collection in Bungoma County Bungoma County. The sample size was 213 members from a target population of 327 members, consisting of senior management level employees from the local authorities and lower cadre employees who are directly involved in revenue collection. Purposive and stratified sampling was used to target the specific employees collecting the various sources of revenue, and also target employees with supervisory or management roles. The study adopted a descriptive research design in which questionnaires, interview guides and focus group discussion were used to gather data on the current status of revenue collection and also aims at understanding the respondents' perception on various variables. Questionnaires, interviews and group discussions were used to collect primary data from the respondents. Quantitative data on aspects such as revenue collected on selected periods and qualitative data was collected. The data collected was analysed through content analysis, qualitative analysis and quantitative techniques. The data was presented in tables and frequencies charts. Staff competence, government policies, community involvement, and staff remuneration immensely affect revenue maximization in Bungoma County. There is need to formulate staff, community involvement and strategic policies that can improve and maximize revenue collection. Further research should be done on the investment potential for revenue collection maximisation in Bungoma County.

Key Words: Community, Corruption, County Government, Policy, Staff Remuneration, Revenue

1. Introduction

The devolved county Government is the expanded mandate of the historical local authorities in Kenya that dates back to as far as before independence. Some form of local government started before independence in 1902 with the Village Headman Ordinance. Some forms of municipalities were established in Kenya in 1903. The first townships were established in Nairobi and Mombasa to serve European settlers. The purpose of the local government system at that time was to control the local communities.

The reconstruction of local authorities was done through the Sessional Paper No 2 of 1961. This Sessional Paper became the basis of the local government bill which provided for the local government regulations (1963) and the establishment of municipal, county, urban and

local councils. The regulations provided the councils with some powers and responsibilities including those of imposing of fees and charges and acquisition and dealings in land. The Local Government Regulations of 1963 were later replaced by the legislation the Local Government Act, Cap 265 of the Laws of Kenya, passed by the National assembly in 1977. This law has now to be reviewed to be in line with the new constitution. Local Government Act, Cap 265 provides for the establishment of authorities; defines their powers and functions of Local authorities in Kenya. (ALGAK, 2003)

According to Local Government Act Cap 265 Laws of Kenya, the primary function of a local authority was to provide services to its citizens. For it to be able to provide these services, it should be able to levy taxes and other charges such as single business permit, property rates, parking fees, plot rents, market fees among others to compliment the fiscal transfers. The study though based on county Governments in Kenya, it took cognisance of local authorities as the unit of study.

In the global perspective, revenue collection effectiveness is a major challenge. Despite technological and systems improvements, no country in the world has achieved 100% effectiveness in revenue collection. Revenue authorities (RAs) have been adopted by some countries as an alternative delivery model for improved revenue administration. They are sometimes seen as a possible solution to problems such as low rates of tax compliance, ineffective tax administration staff, and corruption. (KLGRP, 2009)

Local Authorities have also over time, exhibited wanton inefficiency in the provision of services and management of public resources. Most if not all local authorities have been dogged with the problems of poor management, political interference, bloated staff, excessive corruption, poor accountability, and outright mismanagement and misappropriation of public funds. (IEA, 2005)

The main sources of revenue for Kenyan local authorities is government transfers mainly through the local authorities transfer fund (LATF) and local revenue sources (including levies, licences and permits, and fees and charges). On average across the country, local revenue sources make up 60% of the total revenues of local authorities, though this varies with individual local authorities (between 73% in the city council of Nairobi and 22% in a poor local authority. (Mboga, 2009).

1.2 Statement of the Problem

The county government is based on expanded mandate of Local authorities in Kenya which were created to provide services like provision of water, sanitation, health facilities, education and infrastructure development in their areas of jurisdiction. At the same time the local authorities are mandated and empowered to impose and collect revenues and local taxes in order to be able to provide services. Despite the efforts that have been made by the local authorities to improve revenue collection from local sources, such as tightening controls, adopting new policies, there still exists a shortfall in revenue collection This has had a direct impact on the delivery and quality of services offered by them. There have been strikes due to nonpayment of salaries and public complaints on poor service delivery. In spite of the challenges, no local authority in Bungoma County has carried out a study to resolve the revenue shortfall and enhance collection of the same. It is for this reason that the researcher has embarked on this study to analyses the factors that affect maximization of revenue collection within Bungoma County.

1.3 Purpose of the Study

To analyses the effect to of staff, community, policy support system and corruption on revenue collection in Bungoma County.

1.4 Scope of the Study

The study was limited to Bungoma County. The study employees in the management level dealing with finance and lower cadre employees who deal with actual revenue collection.

1.5 Justification of the Study

This study was to enlighten the community on the factors that affect revenue collection in a County Government.

The study was to assist County Government on necessary measures, policies and mechanisms to improve effectiveness in revenue collection, and have financial strategies that will contribute to generation of more revenues. Further, it will help in creating of better policies that could help improve revenue in County Government.

The study was to also help the County government to offer better services to its citizens as a result of sufficient funds gained from efficient revenue collection.

1.6. Conceptual Framework

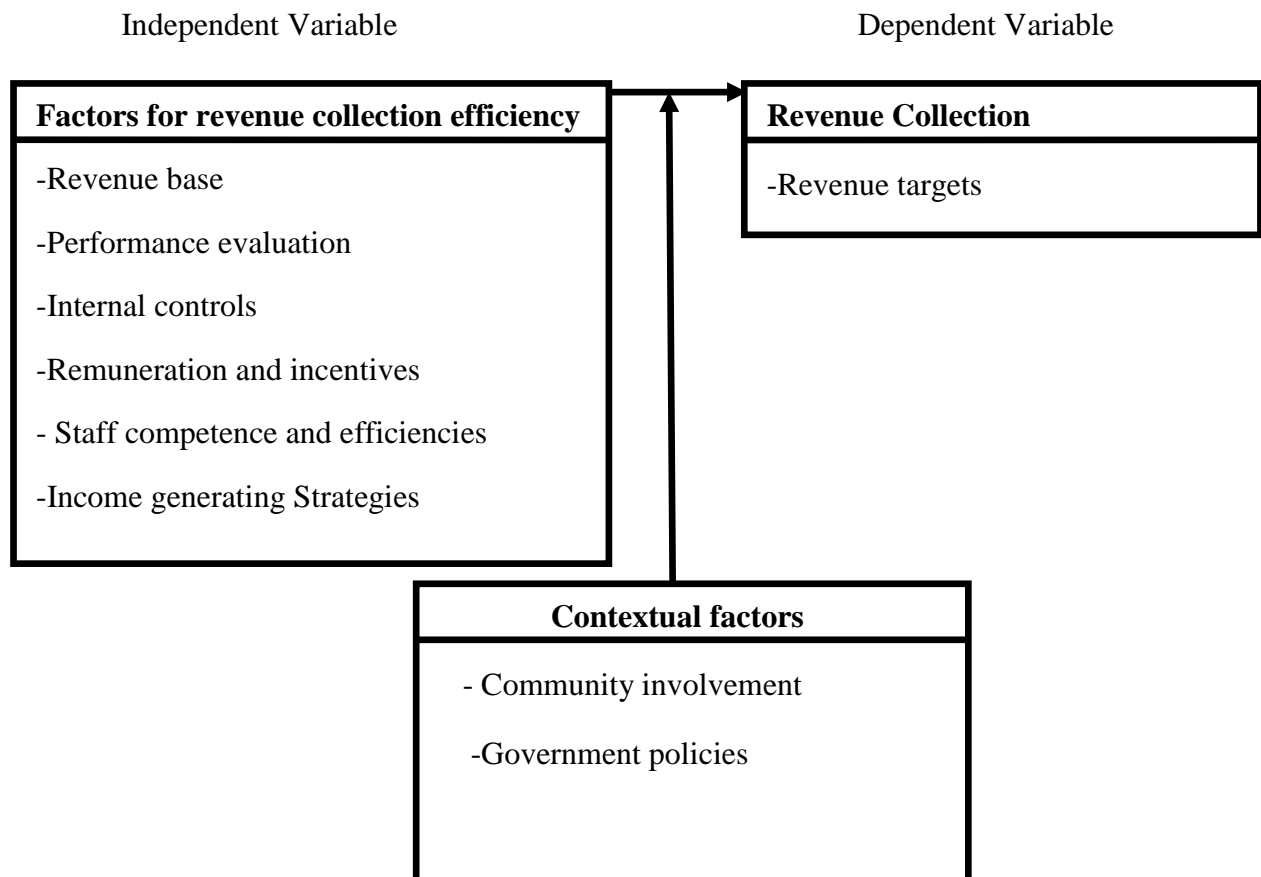


Figure.1: Conceptual Framework

(Source: Researcher, 2013)

Staff competence involves selecting qualified staff that are well trained, committed, thorough, self motivated, and active. It also requires diligence, honesty, discipline and good public relations to ensure revenues are collected to the maximum performance contracts entered help set targets for revenues and act as a barometer of performance and competence.

Collection of revenue by County Government is guided by stipulations of the local government Act. The existence of strong by-laws and court systems influences taxpayers compliance hence affect revenue collection as a whole. Definitely, enforcement of laws will influence compliance in payment of amounts due.

Financing strategies of an organization helps it to plan for a wider source of finance and how to achieve that goal. Consequently, its presence or absence determines an organizations revenue collection levels.

Government policies influence the revenues of County Government through Bills and Acts that affect the operations of Local Government services. The definition of powers and

functions of relevant institutions and government departments influence the revenue collection activities of any County Government. Conflicts and competition among government departments and the Local government influence the strength of County Government' revenue collection policies.

The internal audit department and the management are responsible for putting in place structures and systems of control which helps in sealing of loopholes for any malpractices by employees when dealing with revenues of the institution. Further; it reduces chances of fraud and corruption by employees. The action that will be taken from audit reports will help the organization to improve its internal control systems and hence revenue collected.

Adequate salaries levels prompt payment of salaries, rewards and all types of incentives influence the level of human resource efficiency through motivation. The right incentive gives motivation to enhance target meeting. It also reduces the chances of corruption. All this influences the revenue collected by an institution.

Community involvement or participation in matters pertaining approval of fees and charges, budgeting process helps to create a good relationship between the citizens and the taxing body. They get a feeling of belonging and make them more responsible. Definitely this influences the revenues collected.

Service delivery and taxpayers' attitude-A tax is imposed on citizens and in return they expect a public good. The level of commitment that the County Government puts into delivering the public goods will determine the kind of attitude that the citizens will have on the taxpaying. The citizens need to see the value for the money they pay. Thus this affects directly the level of revenue collected.

2. Literature Review

2.1. Empirical Review

In a report commissioned by the GoK through the formation of the Omamo Commission of Inquiry into County Government, it was noted that the challenge in developing countries including Kenya, is the fact that there is a slow growth in the revenues for County Government due to limited grants from central governments as well as limited capacity within the LAs to collect as well as grow own resources. The report cites the second reason

for the slow growth as the lack of insufficient taxing authority at the local level and shortfall in revenue collection. (Omamo, 1995).

In Africa as a whole, approximately half of local government revenues come from intergovernmental transfers, while the other half comes from local taxes. As a rule, decentralized, intermediary local governments, provinces, regions or departments, depend to a greater extent on transfers for their funding than municipalities and rural municipalities, which are themselves usually more dependent on transfers than larger cities. Many LAs are challenged by; very limited taxation powers, taxation challenges, and non-fiscal resources (Garnache and Pierre, 2010)

In a publication by the Architectural Association of Kenya, it was noted that Rating is an important source of revenue for County Government in Kenya. It constitutes about 22% of County revenues and about 1.3% of total Government Revenue. Over the years, however, studies on Rating in Kenya indicated that rates revenue has remained stagnant or declined over the years. The challenges in revenue collection include; adequacy and elasticity, equity, administrative capacity and cost efficiency, political acceptability and economic efficiency. (Mukhongo, 2011)

In Kenya, the Rating Act allows County Government to tax either land or land and improvements. Although the first application of “Rating” in Mombasa in 1921 was based on land and improvements (i.e., the annual rental value of occupied premises), all property Rates in Kenya are currently levied only on land. Improvements (e.g., buildings and structures) are not taxed. In addition, most County Government exclude “freehold” land, agricultural land less than 12 acres, and indeed most private land in the area rating rolls.⁴ Public land (both central government land and council trust land) which is not yet “registered” is also excluded from the private valuation roll—although technically this land should be listed on the public valuation roll and be liable for Contributions in Lieu of Rates. In addition, allocated council trust land not yet registered is not liable for either rates or Contributions in Lieu of Rates. Although variation in rating is allowed under the law, in practice, all County Government limit their assessment to area rating and valuation rating. Out of the 174 local authorities in Kenya, there are 102 that use some form of property taxation. Of these 102 rating authorities, 75 use valuation rating, 55 use area rating, while 29 use a combination of both area and valuation rating , municipalities and towns tend to rely on valuation rating while counties

tend to use area rating or a combination of area and valuation rating. Area rating tends to be used for rural or agricultural properties while valuation rating tends to be used for more urbanized properties. Tax administration is the weak link of property taxation in Kenya. In general, the revenue base information is incomplete, collections are low, and enforcement is virtually non-existent. The basic policy guidelines provide a flexible framework for an effective property tax system. The primary obstacle to successful local revenue mobilization is weak administration. Weak administration, combined with a lack of political will for enforcement, generates a low level of local revenue mobilization performance. The weakest component in tax administration is collection and enforcement. Collection rates range from 5-60% of liabilities. This is attributable to such factors as; lack of taxpayer confidence or understanding in how the tax is levied, collected, and enforced, and used, lack of legal and administrative collection and enforcement mechanisms, and perhaps most importantly third, lack of political will. (KLGRP, 2001)

According to the a survey by World Bank on doing business in Kenya, the cost and time of starting a business in Kenya varies from 32 days in Nairobi to 55 days in Narok and Nyeri and as such discourages investors which in turn affects revenue collection sources and potential for LAs. (World Bank Group, 2012).

2.2 Poor Administrative Capacity

In many rural types of council there are fewer collectors than the number of major market centres. In such cases, tax collectors must travel among market sites, making collection more occasional and difficult to enforce. Lack of reliable transport may further exacerbate the situation. Given the complicated revenue system, already discussed above, it is justified to suggest that local governments do not have adequate collection personnel, and that a substantial strengthening of staff is needed to administer the present revenue system. However, there are about 110 local authorities in Tanzania, each with a different tax system. To establish adequate capacity for designing and administering the existing revenue system in all these councils will require more resources than can be available in the short to medium term in Tanzania.

There is undoubtedly room for improved tax administration. However, before considering the issue of capacity a more fundamental issue has to be addressed. This has to do with the rationale to squeeze additional revenues from poorly designed taxes. In other words,

improved administrative capacity may increase the negative effects on the economy and society in general, and lead to more inferior outcomes than the present system. Thus, the major problem may not be lack of capacity, but the tax structure itself. This reasoning has implications for the sequencing of the reform activities to be discussed below.

2.3 Corruption

Fiscal corruption is extensive in County Government. It takes many forms and varies by types of taxes, methods of tax collection and location. It cuts across all levels of the local government, from the villages to the councils' headquarters. The magnitudes in terms of the amounts of money involved seem to rise in step with the administrative level of the council.

Although many cases of collusion between taxpayers and collectors are reported, our findings show that the most common type of corruption is embezzlement of revenues by tax collectors and administrators. Three factors may have led to widespread theft of tax revenues within the local authorities (Prud'homme, 1992): the low level of wages paid to staff; the complex nature of the tax structure; and inadequate controls.

2.4 The official wage level

The official wages of government employees in Tanzania are very low.

According to Mans (1994:378), the average civil servants pay package covers only about 40 per cent of the expenses of a typical household. Therefore, to say that civil servants cannot live on their wages is not a metaphor, but a statement of fact.

In a survey on corruption in Tanzania, 78 per cent of the respondents mentioned low salaries of public service workers as a major incentive for seeking and accepting bribes (CIET International, 1996:24). One responded stated: 'You may find someone having not received salary for at least three or four months. What do you think he will eat? He will eat us!'

3. Research Design And Methodology

The study adopted a descriptive survey in Bungoma County and targeted population of 327, composed of Clerks to the Councils, Treasurers, Revenue Officers, Rates Officers, Licensing Officers, Market Masters, Principal Welfare Officers, Inspectors, Town Engineers, Town Planners, Market Masters, and Revenue collectors. They are studied for facts, opinions and different views on some selected topics of the research objectives. It used stratified sampling

was used to categorize the respondents into two levels of employees in County Government; management level employees and revenue collectors.

Table 1: Sampling frame

Officers	Target population	Sample size
Clerks to the councils	6	6
Treasurers	5	5
Revenue officers	6	6
Rates officers	6	6
Licensing officers	6	6
Market masters	34	34
Social Welfare Officer	6	6
Senior Revenue Clerks	30	30
Town engineers	6	6
Town planners	6	6
Revenue collectors	216	72
TOTALS	327	213

Source: Field data (2013)

The study employed questionnaires, interview schedule and group discussions.

Quantitative data analysis was used to measure numerical values such as mean revenue collection per year, standard deviations and variances. Qualitative data was analyzed using content analysis whereby interpreting results and depended on the frequency with which an idea appeared which was interpreted as a measure of attention or emphasis. The results in this case were descriptive and indicated trends or issues of interest

4. Data Analysis, Presentation and Interpretation

4.1 Staff

4.1.1 Staff Competence

Under this, Staff Knowledge on Revenue Sources, qualification of staff, staff capacity, staff ability to meet targets, Staff Conversance with Approved Fees and Charges, was summarized in 4.1. to 4.5.

4.1.2 Staff Knowledge on Revenue Sources

From table 4.3, asked whether the staff know all the sources of revenue of the County Government, the respondents indicated that 57.7% agreed, 26.1% strongly agreed, 13.9% disagreed, while 2.3% were unsure (Table 4.3).

Table 2: Staffs know all the sources of revenue of the County Government

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	43	13.9	13.9	13.9
	unsure	7	2.3	2.3	16.1
	Agree	179	57.7	57.7	73.9
	Strongly agree	81	26.1	26.1	100.0
Total		310	100.0	100.0	

Source: Field data (2013)

4.1.3 Qualified Staff

Asked whether the County Government has enough qualified staff, the respondents indicated that 30.3 % agreed, 2.9 % strongly agreed, 44.2 % disagreed, 10% strongly disagreed while 12.6% were unsure (Table 4.4)

Table 3: The County Government has enough qualified staff

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	31	10.0	10.0	10.0
	Disagree	137	44.2	44.2	54.2
	unsure	39	12.6	12.6	66.8
	Agree	94	30.3	30.3	97.1
	Strongly agree	9	2.9	2.9	100.0
Total		310	100.0	100.0	

Source: Field data (2013)

4.1.4 Revenue Collection Staff

Asked whether the County Government has enough staff for revenue collection, the respondents indicated that 29.0 % agreed 15.5 % strongly agreed, 42.3 % disagreed, and 7.4% strongly disagreed while 5.8 % were unsure (Table 6)

Table 4: The County Government has enough staff for revenue collection

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	23	7.4	7.4	7.4
	Disagree	131	42.3	42.3	49.7
	unsure	18	5.8	5.8	55.5
	Agree	90	29.0	29.0	84.5
	Strongly agree	48	15.5	15.5	100.0
Total		310	100.0	100.0	

Source: Field data (2013)

4.1.5 Staff Ability to Meet Target

Asked whether the staff were able to meet the targets, the respondents indicated that 44.5 % agreed, 10.3 % strongly agreed, 4.2 % disagreed, 5.2% strongly disagreed while 4.8 % were unsure (Table 7)

Table 5: The staffs are able to meet targets

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	16	5.2	5.3	5.3
	Disagree	101	32.6	33.4	38.7
	unsure	15	4.8	5.0	43.7
	Agree	138	44.5	45.7	89.4
	Strongly agree	32	10.3	10.6	100.0
	Total	302	97.4	100.0	
Missing	System	8	2.6		
Total		310	100.0		

Source: Field data (2013)

4.1.6 Staff Conversance with Approved Fees and Charges

On whether the staffs were conversant with the approved fees and charges, 7.4% strongly agreed, 19.0% disagreed, 2.6% were unsure, 50.6% agreed, while 20.3% strongly agreed. (Table 6)

Table 6: The staffs are conversant with approved fees and charges

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	23	7.4	7.4	7.4
	Disagree	59	19.0	19.0	26.5
	unsure	8	2.6	2.6	29.0

	Agree	157	50.6	50.6	79.7
	Strongly agree	63	20.3	20.3	100.0
	Total	310	100.0	100.0	

Source: Field data (2013)

4.2 Remuneration of Staff and Incentives

4.2.1 Promptness in Salary Payment

76.2 % agreed; 31% strongly so, 23.9% either disagree or strongly disagreed.

Table 8: Salaries are paid promptly

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly disagree	22	7.1	7.1	7.1
Disagree	52	16.8	16.8	23.9
Agree	140	45.2	45.2	69.0
Strongly agree	96	31.0	31.0	100.0
Total	310	100.0	100.0	

Source: Field data (2013)

4.2.2 Rewards and Incentives

That the rewards were insufficient was 77.1%, 8.4% were unsure while at least 15% agreed as shown in figure 4.3 below

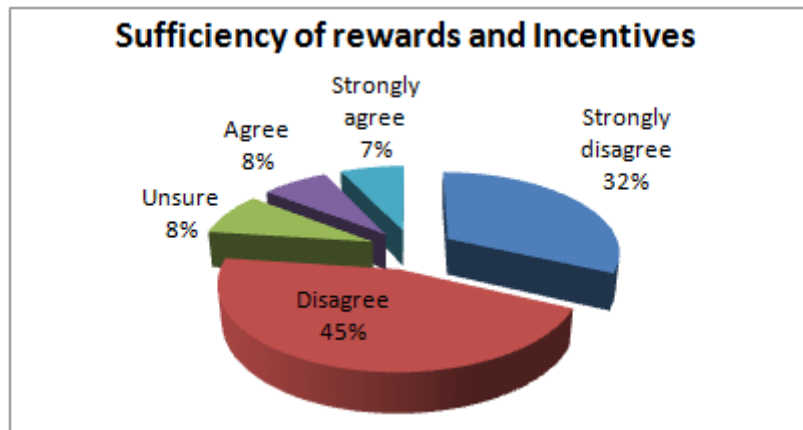


Figure 2: Sufficient rewards and incentives are in place and awarded

Source: Field data (2013)

4.2.3 Objectivity and fairness in rewards and remuneration

Over 77.4% disagreed that there was objectivity and fairness in rewards and remuneration. 5.5% were unsure, 14.8% agreed while only 2.8 strongly agreed.

Table 9: Rewards and remuneration are awarded objectively and fairly

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	92	29.7	29.7	29.7
	Disagree	148	47.7	47.7	77.4
	Unsure	17	5.5	5.5	82.9
	Agree	46	14.8	14.8	97.7
	Strongly agree	7	2.3	2.3	100.0
Total		310	100.0	100.0	

Source: Field data (2013)

Given the information, the county has high potential for revenue collection.

4.3 Community Involvement

4.3.1 Community Participation in Fee and Charges Setting

On community involvement, over 71.5% (221) disagreed that the community is involved, those who at least agreed were 29.5%

Table 10: The community participates during setting of fees and charges

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	47	15.2	15.2	15.2
	Disagree	174	56.1	56.3	71.5
	Unsure	17	5.5	5.5	77.0
	Agree	40	12.9	12.9	90.0
	Strongly agree	31	10.0	10.0	100.0
	Total	309	99.7	100.0	
Missing	System	1	.3		
Total		310	100.0		

Source: Field data (2013)

4.3.2 Community Sensitisation

On community sensitization on the need to pay taxes, at least 35.6% (88) disagreed, 40.5% were unsure while the majority at least agreed at 46.1% (143).

Table 11: The community is sensitized on the need to pay taxes of a County Government

		Frequency	Percent	Valid Percent	Cumulative Percent
	Strongly Disagree	57	18.4	18.4	18.4
	Disagree	53	17.1	17.2	35.6

Valid	unsure	15	4.8	4.9	40.5
	Agree	143	46.1	46.3	86.7
	Strongly agree	41	13.2	13.3	100.0
	Total	309	99.7	100.0	
Missing	System	1	.3		
Total		310	100.0		

Source: Field data (2013)

4.3.3 Community Relation with the County Government

The majority of the respondents indicated that there wasn't a good relationship between the community and the County Government as at least 49.0% disagreed, 7.1% were unsure, 36.1% agreed while only 7.7% strongly agreed.

Table 12: The community has good relations with the County Government

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	24	7.7	7.7	7.7
	Disagree	128	41.3	41.3	49.0
	unsure	22	7.1	7.1	56.1
	Agree	112	36.1	36.1	92.3
	Strongly agree	24	7.7	7.7	100.0
Total		310	100.0	100.0	

Source: Field data (2013)

4.3.4 Community Involvement in Budgeting

Over 46.3% (139) of the respondents disagreed that the community was involved in budgeting. Those who at least agreed were the majority at 53.7%.

Table 13: The community is involved in the council's budgeting process

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	45	14.5	15.0	15.0
	Disagree	94	30.3	31.3	46.3
	Agree	86	27.7	28.7	75.0
	Strongly agree	75	24.2	25.0	100.0
Total		300	96.8	100.0	
Missing	System	10	3.2		
Total		310	100.0		

Source: Field data (2013)

4.4 Government Policy

4.4.1 Staff Training on Government Policy

A total of 53.5% (166) were unsure, disagreed or strongly disagreed that the County Government had trained staff on government policy.

Table 14: The County Government has trained staff on government policy

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	16	5.2	5.2	5.2
	Disagree	133	42.9	42.9	48.1
	unsure	17	5.5	5.5	53.5
	Agree	129	41.6	41.6	95.2
	Strongly agree	15	4.8	4.8	100.0
Total		310	100.0	100.0	

Source: Field data (2013)

4.4.2 Policy Guidelines

It was indicated that over 64.9% agreed that the County Government follows policy guidelines, at least 27.7% disagreed and 7.4% were unsure.

Table 15: The County Government follows policy guidelines

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	31	10.0	10.0	10.0
	Disagree	55	17.7	17.7	27.7
	unsure	23	7.4	7.4	35.2
	Agree	163	52.6	52.6	87.7
	Strongly agree	38	12.3	12.3	100.0
Total		310	100.0	100.0	

Source: Field data (2013)

4.4.3 Policies and Strategies to Enhance Revenue collection

The majority, 89.7%, at least indicated that the County Government had policies and strategies to enhance revenue collection. The remaining 10% were either unsure or disagreed. This implies that there are policies and strategies to enhance revenue collection.

Table 16: The County Government has policies and strategies to enhance revenue collection

		Frequency	Percent	Valid Percent	Cumulative Percent

Valid	Strongly disagree	8	2.6	2.6	2.6
	Disagree	16	5.2	5.2	7.7
	unsure	8	2.6	2.6	10.3
	Agree	207	66.8	66.8	77.1
	Strongly agree	71	22.9	22.9	100.0
Total	310	100.0	100.0		

Source: Field data (2013)

4.4.4 Policy Limitations

The majority blamed government policies as wetting limitation. This was represented by over 77.1%. 22.8% were either unsure, or at least disagreed.

Table 17: There are instances of limitations set by government policy

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	9	2.9	3.0	3.0
	Disagree	21	6.8	7.0	9.9
	unsure	39	12.6	12.9	22.8
	Agree	187	60.3	61.9	84.8
	Strongly agree	46	14.8	15.2	100.0
	Total	302	97.4	100.0	
Missing	System	8	2.6		
Total		310	100.0		

Source: Field data (2013)

4.4.5 Clarity of Policies

It was 50.9% at least agreed that the policies were clear. 5.2% strongly disagreed, 28.7% disagreed while 25.2% were unsure. This shows that the respondents were divided.

Table 18: Policies are clear

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	16	5.2	5.2	5.2
	Disagree	89	28.7	28.7	33.9
	unsure	47	15.2	15.2	49.0
	Agree	126	40.6	40.6	89.7
	Strongly agree	32	10.3	10.3	100.0
Total		310	100.0	100.0	

Source: Field data (2013)

4.5 Corruption

To deal with the issue of corruption, a number of issues were sought from the respondents. These included whether there was corruption; if it affected revenue collection; if there were measures to stop it; if action was taken against corruption cases and if there was a complains handling mechanism.

4.5.1 Corruption in Revenue Collection

49.4% at least indicated that there was corruption in revenue collection, 18.7% were unsure, 26.8 % disagreed while only 5.2% strongly disagreed. There was no clear cut indication in this issue.

Table 19: There is corruption in revenue collection

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	16	5.2	5.2	5.2
	Disagree	83	26.8	26.8	31.9
	unsure	58	18.7	18.7	50.6
	Agree	124	40.0	40.0	90.6
	Strongly agree	29	9.4	9.4	100.0
Total		310	100.0	100.0	

Source: Field data (2013)

4.5.2 Effect of corruption on revenue Collection

Over 89.8% agreed that corruption affection revenue collection; less that 12.3 were either unsure or at least disagreed. It was unanimous that corruption affects revenue collection

Table 20: Corruption affects revenue collection

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	7	2.3	2.3	2.3
	Disagree	15	4.8	4.8	7.1
	unsure	16	5.2	5.2	12.3
	Agree	189	61.0	61.0	73.2
	Strongly agree	83	26.8	26.8	100.0
Total		310	100.0	100.0	

Source: Field data (2013)

4.5.3 Measures to Stop Corruption

75.4% indicated that there were measures being taken to stop corruption, 7.1 strongly disagreed and 9.7% disagreed, while 7.7% were unsure.

Table 21: There are measures to stop corruption

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	22	7.1	7.1	7.1
	Disagree	30	9.7	9.7	16.8
	unsure	24	7.7	7.7	24.5
	Agree	197	63.5	63.5	88.1
	Strongly agree	37	11.9	11.9	100.0
Total		310	100.0	100.0	

Source: Field data (2013)

4.5.4 Action on Alleged corruption related cases

Those who were of the opinion that action was being taken against the corruption related cases were 64.5%. 35.5 were either unsure or were of the converse opinion.

Table 22: Action is taken on alleged corruption related cases

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	14	4.5	4.5	4.5
	Disagree	73	23.5	23.5	28.1
	unsure	23	7.4	7.4	35.5
	Agree	177	57.1	57.1	92.6
	Strongly agree	23	7.4	7.4	100.0
Total		310	100.0	100.0	

Source: Field data (2013)

5. Summary of the Findings, Conclusions and Recommendations

5.1 The effect of staff, community, and policy support system in maximization of revenue collection

In terms of staff competence it was clear that 93.8% of the respondents at least agreed that staff knowledge affects revenue collection. It is equally to note that 6.2 % of the respondents on the other hand disagreed that it does influence revenue collection. With qualified staff, 30.3 % agreed, 2.9 % strongly agreed, 44.2 % disagreed, 10% strongly disagreed while 12.6% were strongly disagreed that the council had qualified staff.

It was also evident in the study that whether the County Government does not have enough staff for revenue collection as over 55.5% of the respondents were either unsure disagreed or strongly disagreed. Only 44.5% at least agreed 29.0% agreed 15.5% strongly agreed that they had enough staff. The County Government staff had the ability to meet the revenue target as at least 54.8% of the respondents had indicated.

The majority of staff was conversant with the fee and charges of the County Government at 70.9%. The community is rarely involved in fee and charges setting (71.5%). The community is not sensitized on the need to pay taxes and this contributes to the poor revenue collection. There wasn't a good relationship between the community and the County Government at 56.1% of the respondents were either unsure or disagreed when asked whether there was a good relationship. The community was involved in the budgeting process as indicated by 53.7% of the respondents.

The study also indicated that the County Government staff had not been trained on government policy at 53.5%. On policy guideline, 64.9% agreed that the County Government follow policy guidelines, at least 27.7% disagreed and 7.4% were unsure. That the County Government policies and strategies was unanimous: 89.7%, at least indicated that the County Government had policies and strategies to enhance revenue collection. The government was a setting limitation as the majority 77.1% indicated. 22.8% were either unsure, or at least disagreed. The respondents were divided on the clarity of the policies with 50.9% agreeing while the remaining either disagreed or were unsure of the clarity.

On staff remuneration, the promptness was 76.2% -very high though the rewards and incentives were insufficient at 77.1%, lacked objectivity and fairness at 77.4%.

5.2 Corruption

On corruption in revenue collection, it was not clear as the only 49.4% either agreed or strongly agreed while the remaining 50.6% either were unsure, disagreed or strongly disagreed. That corruption affected revenue collection was 89.8%. 75.4% indicated that there were measures being taken to stop corruption, that action was being taken on the corruption related cases was 64.5% and 52.5% indicated that there was a complaints handing mechanism in the County Government.

5.3 Conclusions

Revenue maximization can be enhanced through improved staff competence, community involvement, better government policy and support system.

Secondly reduced corruption and better corruption handling mechanisms can majorly impact positively on revenue collection.

Increased awareness of by-laws and full enforcement will ensure compliance which will improve revenue collection. Bungoma County had performed poorly for the past four years due to the issues that had been mentioned. Improvement on these issues would greatly enhance revenue collection in the county.

5.4 Recommendations

The county needs to ensure that there are clear policies that will help recruit sufficient and competent staff, provide them with sufficient remuneration, training on County Government issues and policies, ensure adequate staff development, inculcate a sense of integrity and have objectivity in the rewarding and incentives for the employees.

There should be clear revenue collection policies that are understood and enforced by the County Government. Systems should be set to ensure compliance with internal control systems in place.

Policies should be formulated that will not only involve the community but ensure that there is good relationship with the County Government. The community needs to be involved in the budgeting and setting of fees and charges process. There should be by-laws that can be fully understood not only by the employees but by the community at large.

Community sensitization on their role in revenue collection should not be optional. It should be the duty of the county to ensure that the community is aware of their role and actively participate in the revenue collection. There should be established a section in the County Government that specifically deal with research and development so as to come up with way and means of improving and increasing revenue in the county.

It is necessary to come up with policies that will reduce or eliminate corruption in revenue collection in the County Government in the county. There is need to ensure that there is greater transparency in local revenue administration. The legitimacy and success of the local



revenue system will depend to a large extent on the confidence the tax payers have on the usage of their taxes.

5.5 Further Research Recommendations

The study was limited to analysing factor affecting revenue maximization in local authorities in Bungoma County. More research can be done on the investment potential within Bungoma County to increase revenue collection at the Bungoma County Government

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