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INFLUENCE OF REVENUE COLLECTION STRATEGIES ON REVENUE COLLECTION IN MERU COUNTY GOVERNMENT, KENYA

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Abstract

The purpose of this study was to establish the influence of revenue collection strategies on revenue collection in Meru County government, Kenya. This study was based on two theories of taxation the benefit theory and the ability to pay theory, which in hindsight explains the citizens' motive in meeting their tax obligations. The objectives of this study were to: establish the influence of government regulations on revenue collection. To realize the above-stated objectives the study made use of descriptive research design. The target population included the management and employees involved in revenue collection working in the Finance Department of Meru County Government totaling 114. The study adopted a stratified sampling methodology that established a sample size of 35 employees. Data was collected using a structured questionnaire. Data analysis was carried out using the statistical package SPSS (Statistical Package for Social Scientists). The study made use of descriptive statistics to establish the influence of various strategies on the amount of revenue collected. Analyzed data was presented in tables. The results indicated that most of the respondents had more than 10 years of work experience which highly improved their competence at work thus influencing their output at work. Government regulations, Information technology, employee capability, and leadership affected revenue collection. This study concluded that these strategies affect revenue collection in Meru County. To realize maximum revenue, the researcher recommends that the county needs to empower the staff through capacity building and in the area of information technology.

Keywords: Revenue collection strategies, Government regulations, Information technology, Leadership

INTRODUCTION

According to Waema (2006), the world has been facing economic and financial turbulence resulting in decreased revenue resources. This has led to the adoption of various strategies and more so adoption of information technology in harnessing scarce resources (Wasao, 2014). The United States of America and Western Europe have been cited as some of the regions in the world that have inculcated new innovative revenue collection systems to shore up government funding (Ajowi et al, 2016). According to Mahi (2002) growth of urban centers in Africa depends on the revenues collected by their respective local governments. The revenues collected are necessary but not sufficient due to increased management, infrastructure, and utility demands. This has led to the exploration of new strategies to harness scarce revenue resources.

The governments in the world give a lot of precedence in revenue collection as it is part of determinants towards their legitimacy, acting more of an enabler in fulfilling its public duty. Revenue collection according to Ngotho and Kerongo (2014) enables the government to acquire assets that are not liable to debt thus enabling the government to support its economic and development agenda. Government relationship with the County Governments is similar to the relationship between a holding company and its subsidiaries with pertinent features like the financial performance of devolved units, reporting and accountability systems which facilitate oversight role of the state and the remedial actions on the devolved units strategic deviations as laid out by the constitution and financial management acts (Chartered Institute of Public Finance and Accounting, CIPFA, 2007).

Revenue collection strategies will help the County government to take control of its accounts receivable and save time in planning and implementing the development projects. Having precise and clear cut strategies in revenue collection and identifying the essential elements for effective revenue collection ensures that the ratepayers and other taxpayers do it on schedule (Karingi et al., 2004). The strategies enable the revenue collectors to rank accounts according to priorities, apply the right policies and regulations to the designated stakeholders, gathering information that ensures positive relationships with stakeholders, the motivation of collectors, and those paying (Lewis, 2005).

County governments in Kenya have access to the local owned revenue from taxes, licenses, charges, technical units, revenue, and profits from Government enterprises. These kinds of revenues have rarely taken precedence due to the importance given to the national government share of the revenue. This is changing with a few devolved revenue units who have realized and recognized the potential of a good tax base. Most of these sources have not been fully exploited may be due to the collection strategy or lack of policy enactment. This may be a reason for differences in revenue collections in two county governments that are similarly endowed (Wambugu, 2012).

Kenya has been experiencing challenges in revenue collections; part of the problem being persistent resistance to paying, widespread tax evasion, and non-payment of fees. In the standard economic model of taxpayer behavior, the perceived quality of the government does not influence the level of taxes remitted. The basic behavioral assumption is that no one will voluntarily contribute to the government unless the threat of punishment for non-payment makes it sensible to pay (Karingi et al., 2004). Besides this, there are consistent concerns that the tax competitiveness in Kenya is low and the country has not been able to meet its potential in revenue collection. Meru County is one of the 47 counties created under the new Constitution of Kenya 2010. It is situated in the Upper Eastern region, 300 km from Nairobi. It borders Isiolo to the North, Nanyuki to the North East, and Tharaka Nithi to the South. The former local authorities making up Meru County are Nyambene County Council, Maua Municipal Council, Meru Municipal Council, and Meru Central County Council. It is County number 12 according to the Kenya Constitution of 2010. The County collects its local revenue from the following sources as per the approved fees guidelines; Land rates, fees charged on commercial land, and urban land. Land rent, fees charged on plots allocated by the county and local government. Single business permit (license), fees charged to all businesses. Market fees, fees charged to all products sold in the markets. Crop cess, fees charged on all products sold in and out of Meru County. Parking fees, fees charged on cars parked in towns. Billboards, fees charged by advertisers' on elected billboards and direction signs.

Research Problem

County governments are currently faced with unprecedented demand for increased efficiency, effective and prudent revenue management. This is within the turbulent economic and political times being witnessed in the world. The delivery of services has shifted from the National to the County Governments amidst citizen awareness, participation, and increased transparency in the budget-making process. Addressing these challenges will involve a myriad of complex legislative changes in tax structure, revenue collection methods, revenue management model, delinquency rules and special assessments that must be inevitably be implemented and monitored by the County governments. The ability to implement and run these changes is paramount for the County government in running an effective and efficient revenue management system that endears them to the County government's populace. It was with the hindsight of streamlining the taxation process that the Financial Management Act of 2013, Meru County Finance Act 2014, and the Kenya Tax

Modernization Programme of 1986 were introduced with the hope of enhancing revenue collection, improve tax administration and streamline compliance and collection costs. Despite these, there are concerns that the challenges facing the County Governments today are not much different from the challenges that faced the national and local authorities before the said reforms.

The revenue collection history facing the Meru County Government according to its financial reports has been characterized by decreases. In the financial year 2011/12, the actual collections were 652 million, 2012/13 was 633 m, 2013/14 was 343 m, 2014/1 5 was 420 million. The projected local revenue for the county was Shs. 600m and Shs. 610m for the year 2013/2014 and 2014/2015 respectively. This is a decrease of Shs. 447m. (Annual Audited Financial Statements, 2014 and 2015).The decrease in local revenue has a direct effect on recurrent expenditure and capital projects as money will not be enough to implement the budgeted projects. These figures show a downward trend where the County Government has been unable to abate the dwindling collections or meet its agreed targets. Like any other County Government in Kenya, Meru County Government has been faced with revenue collection and management challenges; lack of skilled workforce, lack of register of businesses, poor or lack of infrastructure for revenue collection, implementation of the new and unfamiliar revenue management system (IFMIS), the vastness of the county among others (Auditing Committee Report, 2014). Therefore this study seeks to establish the influence of revenue collection strategies on revenue collection in Meru County.

General Objective

The general objective of this study was to establish the influence of revenue collection strategies on revenue collection in Meru County Government.

Specific Objectives

The specific objectives of the study were to;

i. To establish the influence of government regulation strategies on revenue collection.

ii. To determine the influence of employee's capacity-building strategies on revenue collection.

iii. To investigate the influence of information technology strategies on revenue collection.

iv. To find out the influence of leadership strategies on revenue collection.

LITERATURE REVIEW

Theoretical Review

Ability to pay Theory

The ability to pay approach is widely associated with the writings of Jean-Jacques Rousseau (1712–1778), Jean- Batiste Say (1767–1832) and John Stuart Mill (1806-1873). The theory is based on socialist sentiments of equal sacrifice among the citizens thus contrasting with the benefit approach principle, which is hinged on the principle of individual paying tax equivalent on the benefit received. According to Kirwan (2009), the ability to pay theory is widely applicable and popular with today's governments as it ensures equity and justice in the taxation system. This principle advocates tax liability in its true form of compulsory payment to the state without quid pro quo to the taxpayer.

This theory advocates that the citizens of a country should pay taxes according to their ability to pay, such that if citizens a capacity to pay taxes is more than citizen B, then the latter should pay less. This indicates that taxes should be levied according to the capacity of each legible for tax payment (Kirwan, 2009). The ability to pay approach upholds the two concepts of equity, the horizontal and the vertical equity. Following the horizontal equity concept, people with the same ability to pay should be made to bear the same burden of tax while on the other hand, the vertical equity concept holds that people with unequal ability to pay should be treated unequally.

Kirwan (2009) asserts that modern economists accept this kind of progressive taxation because as income increases the marginal utility of money tends to decrease. This is despite arguments put forth that this kind of taxation theory tends to dissuade the high-income earners from working hard as it will result in them shouldering more tax burdens. This principle is used to establish the priority areas of taxation or revenue collection thus, enabling the government to allocate the right kind of resources for the exercise. It further identifies the community needs that it wants to apportion its resources to, ensuring the principle of equity by transferring the excess taxes collected on the underdeveloped areas of the community. In this study, the ability to pay theory tends to explain the challenges that governments undergo as they try to raise revenue. There is that maximum level that a government can collect that is determined by the ability of the citizens to pay taxes, such that when this ability is exceeded the citizens may not sustain their obligations. The County Government levies and charges are designed and meant to offload the surplus taxes to the needy areas within the County, such that the more the county collects the more development projects geared towards poverty alleviation it's able to implement.

Benefit Received Theory

The Benefit received theory approach is a traditional taxation principle that was developed and advocated by great political economy thinkers and writers such as Thomas Hobbes, (1855-1679), John Lock (1632 -1704) and Hugo Grotius (1583- 1645) who leaned mostly to the liberal class. According to Dompere (2004), the state or the government should only collect taxes on individuals according to the services or benefits conferred to them. The individual should be able to pay taxes following the level and amount of benefits conferred to him, such that the measure of payment should be determined by the nature and quantity of benefits conferred. Further, Dompere (2004) argues that the Benefit Received Theory should follow the principle of the market, where the price of a good or service is determined by its net worth or value such that individuals who receive the benefit of a service or good should pay a tax equivalent to the supply of the good or service. For example, Kenyans pay the fuel levy or tax which is set aside for roads and high way construction, serving as an indicator that for motorists to enjoy good roads they have to pay for them.

Several criticisms have been raised against this theory and the first is that theory negates the basic principle of taxation if the state implements it in its principle form. According to Dompere (2004), the basic principle of taxation is such that tax is a compulsory contribution or payment made to the public authority to meet its expenses in the provision of the public goods. This means that the taxpayer should not expect something in return after meeting his or her tax obligations. Other arguments have bordered on the measurement of benefits received to an individual taxpayer, taking into consideration that goods and services offered by the state or the government are for the general benefit of all the citizens.

The study takes cognizant of this theory from the perspective that the managers of the revenue collection process and policymakers are in tandem or aware of the needs of the citizens in terms of public goods. In formulating the tax collection strategies the government should have the foresight on how the needs of the citizens are to be met, such that the citizens seem to benefit from the collected revenues. As argued by Dompere (2004) the setting of tax rates and the collection process should be driven by the desire to meet the needs of the public good of the citizen.

Empirical Review

Government Regulations

According to Visser and Erasmus (2005), public revenue collection is a principal and integral component of the fiscal policy of a government due to its influence in public participation and the implementation of government operations. Revenue collected becomes the driving cog of the government operations determining the size and nature of projects and programs that the government undertakes. Thus any taxation system and the regulations governing it should comply with the best practices of equity, ability to pay, economic efficiency, certainty, and convenience (Visser and Erasmus, 2005). According to Gidisu (2012), the government should be in a position of meeting the increasing population needs and increased citizens' expectations brought about by the citizens aware of the need of utilizing taxes efficiently. Gidisu (2012), further advocates for transparent fiscal policies that ensure fiscal depth simultaneously reducing overhead costs thus ensuring the presence of capital to drive growth-oriented projects in tandem with the public expectations.

With the enactment of the new Constitution of Kenya 2010, 47 county governments were established with their mandate and powers enshrined in the same constitution. The Chapter 12 clause 209 of the new constitution states that there shall be established a Revenue Fund for each county government, into which shall be paid all money raised or received by or on behalf of the county government, except money reasonably excluded by an Act of Parliament (RoK, 2014). Other sources of revenue for the County governments as indicated by the constitution are; taxation, fees and licenses, and single business permits. Indeed even before the country moved towards the County government's form of government, Kenya had been cited as the pioneer of a single business permit model which has been adopted by many other countries. Despite these sources of revenue, the county governments have been experiencing challenges in revenue collection according to a study done by Ndunda, Ngahu, and Wanyoike (2015).

The County Allocation of Revenue Act 2013 provides for the conditional allocation and equitable sharing of revenue to county governments. Each County is supposed to develop a financial management Act that guides it in collecting and managing revenue within its boundaries. Meru County has had success in developing various finance acts, for example, the Meru County Finance Act 2014 and Meru County Finance Act 2015/16. These acts stipulate and give guidance on various charges levied by the County government are going to be affected. The Finance Acts have listed various charges, licenses, and fees that range from; market fees, agricultural produce cess fees, slaughter fees, outdoor advertising fees, and rental fees among others. The Acts are very clear on the modality of payments and when they fall due and states categorically the kind of penalties they should attract when they fall due.

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Employee capacity building

In a study conducted by Kayaga (2010), found out that there is a relationship between revenue collected and the competence of the tax administrators. The hiring of incompetent staff has contributed to tax evasion scams and under declaration of tax liability in collusion with the tax administrators. Kayaga (2010) argues that a tax administrator or any person charged with tax collection should be well versed with tax laws and requisite accounting and finance knowledge to analyze the returns. Further Kayaga (2010) insists on setting up training facilities that would help to incapacitate the employees with the relevant skills to undertake their tax collection duties.

In another study conducted to establish the effect of employees' skills on the collection of tax in Nairobi City Council, Kenya (Simiyu, 2010), established that the tax administrators were abetting corrupt practices within the revenue collection system. The study established that many of the employees in the city inspectorate and enforcement officers were offered bribes to reduce the tax liability or colluded with taxpayers in evading taxes. It also established that the department intimidated the taxpayers such that the payers would rather conduct underground informal businesses than being registered formally.

This study findings concur with those of the studies conducted by (Ndunda, Ngahu, and Wanyoike, 2015; Pashev, 2005 and Kayaga, 2010) who established that revenue collection was hampered by illegal practices by reduction of tax reductions and collusion by the County government employees with the taxpayers. The major factor affecting tax turnover according to Pashev is collusion between tax administrators and taxpayers resulting in the establishment of illegal charges and reduced collection by the County governments. Ndunda, Ngahu, and Wanyoike (2015), when referring to a study on tax administration noted that the exercise is riddled with corruption and collusion. Their studies further indicated that the tax administrators lacked the requisite skills to implement the various finance acts and government regulations thus affecting tax turnover. According to Pashev (2005), the tax administration system in the County government lacks clearly defined responsibility, lack of clear structure of authority, and presence of patronage which has created a good environment for abuse by the tax administrators.

Brautigam (2004) conducted a study on revenue administration where he established that tax administrators suffer from a lack of skills and inadequate resources. The study further established that the Ghana Revenue Authority had failed in equipping the tax administrators with the requisite skills. The results of the study by Brautigam (2004), insists on adequate resourcing that should be commensurate with the performance of the employees. The middle-level management must be well equipped and provided with the requisite technical skills that would help the tax system to identify tax gaps and compliance trends. The author argues that when the tax administrators are technically equipped and motivated, they can provide the right taxpayers services that exclude behaviors previously presumed as harassing. Another study by Lubua (2014), posits that the skill levels of employees determine the amount of revenue a revenue authority can collect from the clients. Instead of the employees relying on intuition, tradition, and history of the authority they can draw from their technical skills in assessing the tax liability of the clients.

Information Technology

Information technology offers tax-collecting agencies and administrators an opportunity to improve revenue collection by automating the tax system processes, real-time services to taxpayers, and increasing the level of tax compliance. In a study conducted by Wasao (2014), it was established that automated tax systems are capable of improving efficiencies that result in increased revenues. Further, the study argues that integrating information technology in the government system thus becoming an enabler in the governments' strategic goals becomes a key step in transforming the government into an entity that keeps abreast of the needs and requirements of the modern world populace.

A study conducted by Muita (2011), on factors influencing adoption and use of e-filling systems, established that for the government to improve revenue collection it had to embrace technology and simplify the acquisition of end-user tax equipment and technology processes. The study also examined the skills level of the end-users of tax e-filling technology and found that they required further training in handling the systems. Another study conducted by Kamau(2014), evaluating the role of information technology in enhancing tax compliance found that in the fast-changing world the large taxpayers had adopted technology not only as a way of complying with government regulations but also as a strategy of gaining competitive advantage in the market. Kamau (2014) further recommends that the government must embrace technology. The two studies developed a raft of recommendations to the government in improving tax collection, which included the development and lying out of information technology infrastructure.

According to Kun *et al* (2010), the use of information communication technology (ICT) has enabled the revenue collection agencies and taxpayers to access accurate and relevant information that is important for their planning, programming as well as monitoring their taxation obligations. Authors like (Lai, 2013; Kun *et al*, 2010), have shown a linkage between ICT and the economic development of a country. They argue that ICT can increase productivity and create more effective output with the same or less output with the same or less few inputs. The tax system domain ICT according to Kun *et al* (2010), has enabled the creation of business applications that have simplified the taxation processes.

In a study commissioned by the Tanzania Revenue Authority, it was established that the implementation of ICT had addressed the challenges of corrupt behaviors by employees. The study found out that collusion between the taxpayer and administrators to understate tax liabilities had drastically reduced resulting in enhanced tax collections. Lubua (2014), posits that in the areas such as customs departments the taxpayers are empowered in declaring and assessing their tax liabilities, however, the research still established a high gap of ICT utilization in the domestic taxes, where the taxpayers were still depending on their employers and revenue authority employees in declaring their tax liabilities.

Leadership

Leadership should be embedded in the principles of proactively, goal orientation, and the creation and implementation of the organization's performance (Dess, 2008). Good leadership can transform the employees of the organizations from their narrow or individualized vision to buy into and support the organizational vision. The individual member's vision tends to be attainable through achieving the overall organizational performance (Lynch, 2009). According to Dess (2008), strategic leadership within an organization comprises of three elements that are interrelated and interlinked; the determination of organizational direction, designing the organization and nurturing the desired organizational culture. Thus the strategic leaders within the organization are supposed to nurture and marshal the employees' commitment towards the organizational goals such that the intended strategies are implemented.

In a study conducted in Kakamega County trying to establish the role of leadership in revenue collection found out that the leaders were asserting their influences in achieving the set revenue targets (Masungo *et al.*, 2015). This study further established a strong relationship between the strategic orientations of the management with the performance of the County government. In a study carried out in public organizations in New Zealand established that their performance is positively influenced by the leadership dimensions within the operating environment (Ross, 2002). The study further argues that the leader has to motivate and influence the creativity of the employees so that they reach their optimal level; this is because employees are reservoirs of competitive advantage. This is supported by the work of (Bass, 2002; Soule, 2002), who posit that employees are vital cogs in the achievement of organizational goals such that the leaders should provide an enabling environment for equal participation of the entire workforce in the organization activities.

Revenue Collection

Revenue mobilization is one of the core objectives of any tax regime in the world. The local governments popularly referred to as County Governments in Kenya have two main sources of revenue, namely allocations from the National Government and revenue collected from the local sources. According to Ngotho and Kerongo (2014), the sources for local revenue include; property rights, single business permits, plot rent, quarry fees, market and bus park fees, agriculture and agricultural produce cess, national reserves, conservancy and park fees. The local governments according to Mitullah and Kiura (2006), rely on property rates, cess, and single business permits to provide basic services to the growing population.

According to Ngotho and Kerongo (2014), the major aim of revenue collection by most governments is to stimulate the social, economic, and political development of a country. The effectiveness of the revenue collection system and the amount of revenue collected depends on several factors like inflation, tax rate, and foreign direct investment (Ngotho and Kerongo, 2014). Other factors determining the amount of revenue collected are compliance rate to remission of taxes and level of productivity in a country (Kiprotich, Momanyi, and Nyandusi, 2012). The study by Kiprotich, Momanyi, and Nyandusi (2012) established that Kenya has a high rate of non-compliance, thus affecting the level of revenue collected by the government.

RESEARCH METHODOLOGY

Research Design

This research adopted a descriptive research design as it enables the researcher to carry out an in-depth study of the organization to establish the relevant data to be used in comparing relationships.

Target Population

The population of this study was the employees of the County governments of Meru.

Sampling Procedure

The target population was divided into strata's and a sample was selected from each stratum. According to Mugenda (2008), a third of the population is an ideal sample for proportionate stratified sampling. This enabled the researcher to control the sample size in the strata, increase statistical efficiency, and provide data to represent and analyze subgroups and enable the use of different methods in the strata.

The sample was derived through stratified sampling methodology which ensured that the various strata within the Department were represented. The top management consists of Chief Officer Finance, Director of Accounts, Director Revenue, Director Revenue, and the Revenue Board. The supervisory level consists of Revenue Administrator, Accountants, Internal Auditor, and Revenue Coordinators.

Data Collection Instruments

The researcher retrieved secondary data from books, journals, various Acts of parliament, County Government's budget, and various online sources through context and contextual analysis of various texts contained in these sources. While primary data was collected through the administration of a questionnaire. The researcher first sought permission from the National Commission for Science and Technology, the County Commissioner, and from Meru County Government, Department of Planning, to embark on data collection exercise. The researcher developed a schedule that indicated the Sub Counties to be visited and which revenue officers to be administered the questionnaire. This enabled the researcher to familiarize himself with the respondents. The researcher with the help of three research assistants administered the questionnaire to the respondents and collected them after two days.

Data Analysis and Presentation

The study made use of qualitative and quantitative techniques in analyzing the data collected. The responses were edited, classified, coded, and tabulated to analyze quantitative data using the Statistical Package for Social Science (SPSS) version 21. The data collected was examined and checked for completeness and comprehensibility.

ANALYSIS AND FINDINGS

County Government Compliance with Revenue Collection Regulations and Laws

The respondents were asked their awareness on the compliance level of the County Government with both National and County laws and regulations that support and help revenue collection and management. This question was aimed at establishing the level of compliance and satisfaction level of respondents on the compliance with the laws. The findings are presented in table 1.

Table 1. The County Government Compliance with Revenue Collection Laws

	Frequency	Percent
Disagree	1	3.1
Undecided	7	21.9
Agree	21	65.6
Strongly Agree	3	9.4
Total	32	100.0

According to the findings, over half (65.6%) of the respondents agreed that the county government was complying with the set regulations and laws governing revenue collection and management. A further 9.4 % of the respondents strongly agreed that the County Government complied with both National and County laws guiding revenue collection and management. These findings confirm the importance of complying with laws that direct the collection of revenue and its management.

Regression Analysis

The results of regressing the four (4) independent variables against revenue collection and management can be seen in Table below. They show the four (4) independent variables that are entered, the R (0.437) which is the correlation of the four (4) independent variables with the dependent variable. After all the inter-correlation among the four (4) independent variables is taken into account, and the R square is (0.191). This is the explained variance and is the square of the multiple R $(0.437)^2$. Thus only 19.1% of the four variables influence the dependent variable. The reliability of the overall research instrument was 0.72 which is within the Cronbach alpha value of 0.70.

Table 2. Regression output

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.437[a]	.191	.176	.28309	1.922

a. Predictors: (Constant), LEA, GR, EC, IT

b. Dependent Variable: RC

The ANOVA table shows that the F value of 2.2579 is significant at the 0.00 level, what the results mean is that 19.1% of the variance (R-square) in revenue collection has been significantly explained by the four (4) independent variables.

Table 3. ANOVAa

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2.054	4	.5135	4.400	.000b
	Residual	3.150	2	.1167		
	Total	5.204	31			

a. Dependent Variable: RC

b. Predictors: (Constant), LEA, GR, EC, IT

Table 4 below indicates the coefficient values of the linear regression line:

$Y=a+b_1X_1+b_2X_2+b_3X_3+b_4X_4+\mu_{i.}$

Table 4. Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.556	.447		3.481	.001		
	GR	.083	.071	.079	1.161	.247	.822	1.216
	IT	.148	.065	.156	2.274	.024	.806	1.241
	EC	.414	.072	.361	5.767	.000	.966	1.036
	LEA	.005	.050	.007	.105	.916	.979	1.022

a. Dependent Variable: RC

Table 4 presents the coefficients of the regression. According to the findings, Government regulation (p=0.24700), leadership (p=0.916) are not significant since the p values were greater than 0.05. On the other hand Information Technology (p=0.024) and Employee capability (p=0.000) were significant in predicting county revenue collection and management since the p values were less than 0.05

The translation of coefficients from running the regression model as indicated in the table above gives rise to the equation below:

$Y=1.556 + 0.83X_1+ 0.148X_2+ 0.414X_3+ .005X_4$ Where;

(Y= Revenue Collection, X_1= Government regulations, X_2= Information technology, X_3= Employee capabilities and X_4= Leadership)

The findings indicate that when all the factors under study are held constant, revenue collection and management will be 1.556 units. When all the factors are held constant, one unit change in Government Regulation would change Revenue Collection and Management by 0.83 units. When all the factors are held constant a unit increase in Information Technology increases Revenue

Collection and Management by 0.148 units. Similarly, a unit increase in Employee Capability holding other factors constant increases County Revenue Collection and Management by 0.414 units. A unit change in Leadership Style holding the rest of the factors constant changes Revenue Collection and Management by 0.005 units. Government Regulations, Information Technology, Employee Capability, and Leadership were found to increase Revenue Collection and Management in the County.

Summary of Findings

This research is related to the underpinning of revenue collection strategies towards revenue collection and management in the County Government. The objective of this research was to examine the concept of four variables associated with revenue collection strategies and processes such as implementation and adherence to Government Regulations, Information Technology, Employee Capability and Leadership towards Revenue Collection and management in County Government. Demographic factors such as gender, age, education qualification, occupation and work explain have been used to explain and understand the nature of the target population.

The five (5) variables were tested, using a sample of 37 respondents; data were obtained from Meru County Government Employees working within the Finance Department. The primary objective was to determine revenue collection strategies influencing revenue collection and management within County Governments in Kenya. Two-level of statistical analyses were conducted with two different steps. The first level involved the use of basic descriptive statistics. The primary level of analysis was intended to enable the researcher to have a glance at the basic characteristics of the data and the target population. The second level of analysis involved correlation and regression analysis. This helped the study to conclude the association between the study variables.

Thus, the result by the regression test showed that the four (4) independent variables namely; Government Regulations, Information Technology, Employee Capability, and leadership were important in determining Revenue Collection and Management in the County Government.

DISCUSSION

The study sought information to answer four research questions relating to the key variables of the problem under study. Based on the findings, the study found out that there was a relationship between revenue collection strategies and revenue collection and management in County Governments. The study identified that majority of the employees in the finance department had secondary school education followed by those with a Bachelor's degree. This attributes to their skills and knowledge and performance of revenue collection and its management. This contributed to their ability in operating the information technology tools provided that enable easiness and efficiency in revenue collection.

In this area of study, government regulations were taken to affect the collection and management of revenue. There exists a positive and significant correlation between government regulations and revenue collection which stands at $r = 0.408$. The study further established that the regression coefficient for the government regulation stands at 0.083 which is positively translating to an increase of 0.083 units for every additional unit of observance of Government Regulations when all other factors are held constant. Though the relationship is significant it still supports the other empirical studies conducted like (Visser and Erasmus, 2005; Gidisu, 2012) who established a positive relationship between implementation of government regulations and revenue collected by public bodies.

Information Technology was found to be positively affecting the revenue collected. In the regression equation explaining the relationship between the independent and dependent variables, it was found to have a coefficient of 0.148 indicating a positive effect on revenue collection. This was significant at the 0.01 level. The study also established a positive association between Information technology and revenue collected which was at $r = 0.238$. The results are consistent with other empirical studies which argue that information technology tools and systems tend to harness organizational resources such that the process of revenue collection and management is safeguarded from external threats thus ensuring transparency and efficiency in revenue collection (Wasao, 2014; Kamau, 2014; Muita, 2011).

Employee capability had a high influence on the revenue collected. This may be attributed to skill sets and training those employees in the Finance Department is taken through. The coefficient of regression stands at 0.414 and is the highest among the other coefficients. It is positive and significant an indicator of its importance in revenue collection. This is cognizant of the studies conducted by (Kayaga 2010; Simiyu, 2010) who posits that tax administrators or any other person charged with revenue collection should be well versed with tax laws and requisite accounting and finance knowledge to analyze the returns. Further Kayaga (2010) insisted on setting up training facilities that would help in inculcating the right set of skills and capabilities to the employees undertaking revenue collection duties.

Leadership had little influence on revenue collection and management in the County Government. This may be attributed to a high set of skills by many of the employees and also their work experience which may contribute to one being self-driven. Even though leadership has little influence the association is positive but not significant.

CONCLUSION

This study was conducted to identify the strategies that influence the collection and management of revenue in Meru County Government. Two research questions out of four were positively and significantly supported, which were Information Technology and Employee capability and on the other hand, the other two research questions were supported but not significant. That is government regulations and leadership had low influence compared to the other strategies in influencing revenue collection and management in County Governments.

Information Technology is vital for ensuring the transparency of the transactions as they enable connectivity between the employees and the management. In revenue collection process information technology enables data storage ensuring a clear audit process. This has led to innovations within the process, making the payment of the taxes easier to administer thus saving a huge cost on the taxpayers' side.

The ability of the employees to make quick decisions is vital in the attainment of the tax administration goals. This is only made possible by employing the right caliber of employees with the right kind of skills. The recruitment of staff should follow the laid down procedures as stipulated in the County Human Resource Manual.

Leadership poses challenges in organizations due to variations in individual perception and orientation. Understanding and managing employees have thus become crucial as managers need to understand the dynamics of diversity in employees. The independence of employees and non-interference of highly experienced employees deems it necessary for the management to innovate the style of leadership. The managers become co-partners or co-creators with the employees.

RECOMMENDATIONS

Public organizations use various strategies to enhance revenue collection. The most prominent one is empowering the civil service through capacity building. The employee capability in this study is both significant and positive. This may be explained in the perspective that strategies like the implementation of government regulations and laws require competent staff. Continuous training of employees ensures that there are conversant with the latest technologies and innovations that can be adapted in enhancing revenue collection. To ensure enhanced innovation in tax administration there is a need for the employees to familiarize themselves with government regulations. This enhances their ability to integrate their skills, exposure to the environment, and interaction with the taxpayers is vital.

Ensuring the optimal collection of revenue is the prime responsibility of the management or leadership of the organization. Managers should take strong personal stands on the need for change, role model the behavior required for optimal utilization of resources, and assist the employees in attaining the set targets. Past research has identified characteristics of leaders which important in managing employees and administering the revenue collection system. These characteristics include personal openness, approachability, emotional intelligence, empathy, strategic thinking, strong internal locus of control, the capacity to trust, being prepared for the challenge, and inspiring others.

SCOPE FOR FURTHER STUDIES

The R square value obtained was 0.191 which implies that the independent variables explain only 19.1% of the variations in revenue collection and management. The rest 80.9% is explained by other factors not considered in the current study. The researcher recommends for further studies to be done to establish the other factors that affect revenue collection and management and establish how to maximize the county's revenue stream which would in the result contribute to economic development.

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