EFFECT OF REVENUE COLLECTION THROUGH DIRECT BANK DEPOSIT ON THE FINANCIAL PERFORMANCE OF SAMBURU COUNTY GOVERNMENT, KENYA

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Abstract

This study aimed to investigate the impact of direct bank deposit revenue collection on the financial performance of the Samburu County government in Kenya. The study involved 374 revenue collection offices across various sub-counties and 122 participants, who were accountable to the Samburu County Revenue Department and the Financial Planning Department at the central county office. The results indicated a strong relationship between the constant coefficient and direct bank deposits, where changes in these deposits affect financial results. The study further indicated that approximately 52.65% of the variation in financial outcomes is attributable to these alterations. The high R-squared value of 0.5265 underscores the importance of monitoring and evaluating these changes for businesses and financial

institutions. The research indicates that implementing contemporary financial practices can enhance the efficiency of public sector management. It indicates that direct bank deposits can improve financial stability, decrease mismanagement, and maximize resource allocation for essential services and development projects.

Keywords: Revenue Collection, Direct Bank Deposit, Financial Performance, County Government

INTRODUCTION

The revenue collection practices in Kenyan Counties have been the subject of significant scrutiny in recent years with concern of use of revenue collection methods. Revenue collection is a critical component of county governments' financial stability and development especially with regard to delivery of essential services to their constituents. Kenya Counties utilize different revenue collection practices, including automated payment collection, in-person revenue collection, automatic billing revenue collection, and mobile money revenue collection, which have an effect on the financial performance of county governments in Kenya

In China, short-term efforts were identified as key to focus on raising capital taxation, reversing (untargeted) pandemic relief measures, and leveraging the ongoing international tax reform. Over the coming years, it is expected that China could move to key tax reforms. Such package of reforms is estimated to raise the tax-to-GDP ratio by 5–6 percentage points over the next 5 years, with about half that amount accruing to (financially stressed) local governments. The reform measures would also increase economic efficiency, reduce inequality, improve the cyclical stabilization properties of the tax system, support private consumption, and have positive spillovers to health and climate outcomes (IMF ASIA and Pacific Department, 2024).

In South Africa, the growth in the amount owed to municipalities for municipal services rendered, is at an all-time high. Therefore, Masungini, Maseko, and Robbetze (2023) investigated the culture of non-payment of rates and taxes for the municipal services which was not a new phenomenon. The study investigated the effectiveness of a municipal credit management policy, from the residents' perspective, within a municipality in the Sedibeng district. The sampled municipality failed to enforce its credit management policy and was also unable to fulfill its service delivery responsibilities, according to residents' responses. This finding recommended that a municipality must enforce its credit management policy to generate responsiveness from residents. This could be done through introduction of debt recovery policies and offering discounts for timely payment. In addition, the municipality needed to improve its service delivery.

Chilambwe and Tembo (2023) studied the effectiveness of revenue collection strategies used by local authorities in Zambia. The key issue was to investigate the effectiveness of revenue collection strategies employed by the LCC. The study found that online systems and bank transfers were the main strategies used by LCC to collect revenue. The findings showed that there was belief that the revenue collection strategies were appropriate but the findings established that the extent of revenue collection strategies was poor and emphasised that strengthening the legal framework, constant sensitization and opening up more collections points was what they envisaged in revenue collection going forward so as allow them collect revenue more effectively like Zambia Revenue Authority. It was worth to note that the results mainly showed that the manner or method of assessing revenue collection was not effective at all and that the LCC mainly assessed the existing revenue collection strategy through the use of open meeting (Department or Sections). The results of the study clearly showed that LCC is not effective in its collection of revenue and as such there is need for the council to develop more strategies that can enhance revenue collection in its Jurisdiction. Being one of the oldest councils, the LCC should be a model in collecting revenue so as to sustain its operational expenses without depending heavily on central government for financial aid. Other findings of the study had shown that LCC was largely dependent on the legislative framework, measures and remedies in revenue collection. It was, however, noted that the legislative framework, measures and remedies were not sufficient in enhancing revenue collection. The study strongly recommended that the legal framework supporting revenue collection needed to be harmonised or reviewed to allow the Local Authority to exercise its full potential in revenue collection.

Results Consulting (2021) suggested that the proper revenue strategy aligns revenue collection, and client experience teams around a singular goal: good or optimum service provision and enhanced revenue collection could be achieved. Without a strategic roadmap, healthy and sustained growth simply cannot flourish, which is why organisations put so much emphasis on the planning process. The right strategy would ensure you achieve your revenue and profit goals. It would be a foundation for selecting and developing the right team, the right software and tools, developing effective processes, remarkable products and services.

In Kenya, counties such as the Nairobi City, Nakuru, Nyeri, Mombasa, and Kisumu are amongst others which have embraced the new revenue collection management systems. For example, in Nyeri, the system Christened Nyeri pay see residents pay for county services using their mobile phones or pre-loaded electronic cards is currently in

place. In Nairobi, the new system is being implemented after the county severed relations with Webtribe Limited's tax payment network, JamboPay. This scheme allows county residents, merchants, and corporations to pay their taxes in an internally controlled system (County government of Nairobi, 2019).

Samburu County government has been collecting revenue far beneath its true capacity. In between the years 2015 and 2021 it collected within 46%, 47%, 54%, 92%, 95%, 80% and 87% of the yearly projections, respectively. Furthermore, from 2015 to 2021, its collection was approximately Kshs. 1.3 billion, which is 71% of the total projection, even at this rate though the total revenue collection projection was assessed below the county's capacity (summary of revenue collection per stream, 2015–2021). Ineffective and inefficient revenue collection methods were to blame for this poor revenue collection.

Statement of the Problem

A county government is regarded to be functioning well if it collects more money over time. Kenya's county administrations, on the other hand, a number of counties in Kenya have encountered below target revenue collection since devolved governments were established. As a result most Kenyan county governments do not have enough cash to cover their recurrent and development budgets, resulting in worker strikes and project stalling.

Another difficulty confronting county governments is that revenue collectors unfaithfully do not deposit all of the revenue collected in the County Treasury, Likewise, for many years, some traders or businesses have colluded with revenue collectors to avoid paying taxes. It is because the foregoing problems that made the county governments to put in place more effective revenue collection methods such as direct bank cash deposits, agency banking, and mobile banking money transfers to increase revenue collection so as to meet their financial obligations. However, are these methods really efficient?

Objectives of the Study

To examine the effect of revenue collection through direct bank deposit on the financial performance of Samburu County government, Kenya.

Research Hypotheses

H_0: Direct bank deposit revenue collection method has no statistical significant effect on the financial performance of Samburu County government.

LITERATURE REVIEW

Theoretical Review

Agency Theory

The agency theory was used as it involved two groups of persons in revenue collection: the county government and those who assisted them to collect funds. When a boss hires someone to undertake a job for them, they develop a working partnership in which the Principals typically assign critical tasks to agents. Agency issues emerged due to shortcomings and deficiencies in revenue collections, Agency theory as proposed Berlie and Means (1932) requires that the agent does particular duties on their behalf; of the Principal.

While agency theory was deemed relevant to this investigation, it explained how agencies collected taxes and managed revenue for the Samburu County Government and, to a large extent, Samburu County residents. In this case Samburu county government (principal) expects the revenue collectors (agency banks) to undertake the duties on their behalf. By applying agency theory to this specific case, this study can delve into how the interactions between the county government and its constituents, as well as the financial institutions involved, influence the efficiency and efficacy of revenue collection mechanisms. This analytical approach not only sheds light on the dynamics at play within the revenue collection system but also provides insights into the governance structure, accountability mechanisms, and incentive systems that shape financial outcomes within the context of public sector operations.

Exploring the application of agency theory in this scenario offers a valuable opportunity to evaluate the effectiveness of direct bank deposit methods in enhancing transparency, reducing corruption risks, and optimizing resource allocation within the administrative framework of Samburu County. The findings from this study have the potential to inform policy development, decision-making processes, and strategic planning initiatives aimed at fostering sustainable economic growth and good governance practices at the local government level in Kenya.

Institutional Theory

The study of creating literature on institutional social science has produced in a substantial corpus of thought on institutional hypothesis (DiMaggio and Powell, 1983). Researchers distinguish two types of affiliations: specialized and institutional. This theory addressed the more profound and powerful aspects of social design. By analyzing how the institutional environment shapes the implementation and effectiveness of these payment methods, this study explored how institutions influence the financial performance of the county

government. With a focus on understanding the formal and informal rules, norms, and practices that govern revenue collection processes, this study aimed to provide insights into how institutional factors can either support or hinder the government's financial stability. Examining the interactions between institutional pressures, organizational behaviors, and financial outcomes within the specific context of Samburu County contributes to a deeper understanding of the mechanisms through which direct bank deposit methods can impact revenue collection practices and ultimately influence the financial health of the local government. By taking into account the complex interplay between institutional forces, organizational structures, and financial management practices, this research sought to shed light on the broader implications of leveraging institutional theory to study the dynamics of revenue collection in the public sector.

Empirical Review

In Vietnam, Khan and Keuch (2018) examined the benefits of tax collection through bank accounts. The study's findings revealed that tax collection through bank accounts benefited taxpayers by simplifying administrative procedures, reducing time spent in customs procedures, particularly the clearing time for obtaining information to pay taxes, and assisting businesses in lowering expenses. Additionally, the citizens do not need to fill in data identified with state spending income code, code of gathering offices, bookkeeping depository income code (this sort of data would be dictated by offices and state the executives organizations) which lessens blunders. When businesses pay tax at the bank, taxpayer data on the computerized customs portal is automatically updated, and all debts on accounting programs are automatically resolved, according to a spokesperson from the Dong Nai Customs Department. As a result, product clearance is quicker and more convenient. The study recommended that banks can upgrade the portal system, the utility to take care of customers better.

Nsemerirwe (2016) surveyed the impact of paying expenses through bank on revenue collection performance in neighborhood governments in Uganda with specific accentuation on Kampala City Council. The study was triggered by the steady income shortages that have made it hard for the neighborhood governments and Kampala City Council specifically to completely execute their spending plans. 30 respondents were purposively sampled from Kampala City Council authorities and St Balikudembe Market merchants. Primary data was also supplemented by secondary data from reports, Journals and dissertations. The findings of the study uncovered that revenue payers do not comprehend the methodology of depositing cash and presenting the slip to the revenue office.

Conceptual Framework

Direct Bank Deposits		**Financial Performance**
▪Revenue collection bank accounts	→	▪ Asset Growth
▪Procedures of depositing the cash		▪ Revenue
▪Reconciliation of banks statements with the cash record		

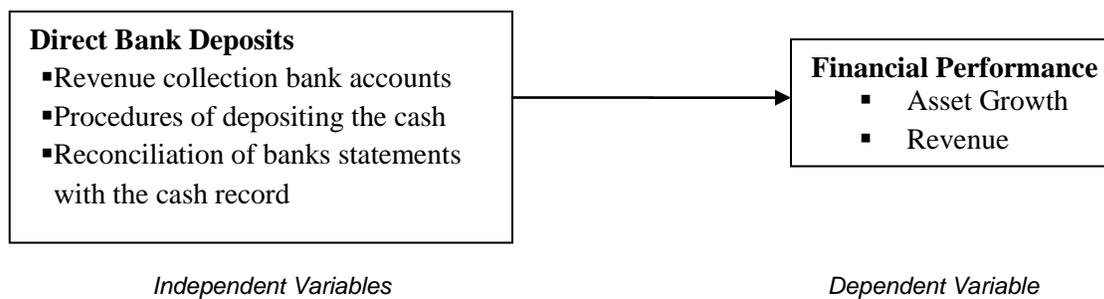*Independent Variables*　　　　　　　　　　　　　　*Dependent Variable*

Figure 1: Conceptual Framework

METHODOLOGY

This empirical research adopted descriptive and inferential research method. These methods were appropriate since they provided an in-depth evaluation of the variables (Kothari, 2019).

A questionnaire was designed to capture data relevant to all study variables, both independent and dependent, in alignment with the research objectives. The primary data for this study was collected using a Likert scale questionnaire, thereby restricting the research to the analysis of primary data. As part of the diagnostic processes, the variables' normality, heteroscedasticity, linearity, and multicollinearity were evaluated to make sure they satisfied the requirements for being the Best Linear Unbiased Estimators (Chan, Leow, Bea, Cheng, Phoong, Hong, & Chen, 2022). To assess the reliability of the data collection instruments, a pilot study was conducted on 11 respondents, or 10% of the sample population of 112, in the nearby County of Marsabit, a County, with similar traits to Samburu County.

This was done in compliance with Mugenda and Mugenda's (2012) suggestion that around 10% of the sample size be used for a pilot test. Cronbach's alpha analysis was conducted to assess the instruments' reliability and internal consistency. This is a reliable method of assessing internal consistency. The study's variable reached the acceptable level, with a Cronbach alpha value of 0.752.

FINDINGS

Correlation analysis was conducted to assess the association between the study variables viz. direct bank deposits and financial performance. The detailed findings can be observed in the table 1.

Table 1: Correlations Matrix

Correlations			
		Financial Performance	**Direct Bank Deposits**
Financial Performance	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	440	
Direct Bank Deposits	Pearson Correlation	-.726[**]	1
	Sig. (2-tailed)	.000	
	N	440	616

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

The statistical investigation investigating into the relationship between direct bank deposits and financial performance showcased a remarkable revelation: a substantial and highly positive correlation, denoted by the coefficient value of -.726. This coefficient value signifies a robust and impactful association between direct bank deposits and financial performance metrics. Alongside this correlation finding, the study unearthed a strikingly low p-value of 0.000, underscoring the high level of confidence in the statistical results garnered from the analysis.

Furthermore, the observed correlation between direct bank deposits and financial performance is accompanied by a confidence level of 99%, reflecting a solid and dependable connection between the two variables. This confidence level affirms the robustness and reliability of the relationship established between bank direct deposits and financial performance outcomes, attesting to its stability and enduring nature in influencing financial metrics positively. The 99% confidence level offers strong support for the significance and credibility of the findings, reinforcing the importance of direct bank deposits as a determinant of financial performance in a consistent and reliable manner.

This study utilized bootstrapping, a robust method known for its promising potential in enhancing the robustness of regression analysis by enabling a more effective exploration of variables in cases where they display multicollinearity tendencies. By adopting a resampling technique such as bootstrapping, the research was able to thoroughly evaluate and interpret the impact and significance of each variable within the regression models, ultimately allowing for a comprehensive understanding of how these variables interact in the presence of multicollinearity. This approach not only facilitated a more precise analysis of the data but also contributed to the overall validity and reliability of the regression models constructed in the study. In summary, the strategic use of bootstrapping in this research significantly contributed to

the quality and accuracy of the regression analysis, highlighting its importance as a valuable tool in handling multicollinearity challenges within regression modeling.

Regression analysis was utilized to determine the association between direct bank deposits and financial performance as demonstrated in table below.

Table 2: Regression Model Summary

Variables	Coef.	Bstrap * SE	P>|z|	z	Root MSE	R^2	Adj R^2	Wald chi^2(1)
					0.154	0.5265	0.5254	214.08
Constant	.8672	.043091	0.000	20.12				
Direct Bank Deposits	-.028	.0019372	0.000	-14.63				

In conducting the regression analysis to explore the relationship between direct bank deposits and financial performance, noteworthy findings emerged. The calculation produced a coefficient constant of .8672 and attributed a value of -0.028 to direct bank deposits. Specifically, the positive coefficient constant of .8672 indicates a strong positive relationship between direct bank deposits and financial performance. This signifies that as direct bank deposits increase, financial performance also tends to rise, implying a direct and favorable influence of bank deposits on overall financial health. On the other hand, the negative coefficient of -0.028 assigned to direct bank deposits suggests a minor adverse effect on financial performance. The observation implies that for each unit decrease in direct bank deposits, a marginal reduction in financial performance may be expected. Reflecting on these figures, it is evident that while direct bank deposits predominantly contribute positively to financial performance, they may also have a modest limiting effect. These insights underscore the complex interplay between direct bank deposits and financial performance, highlighting the nuanced dynamics that govern institutional financial health. Understanding and leveraging these dynamics can enable organizations to optimize their banking strategies and enhance their overall financial standing.

The results from the regression analysis revealed important insights about the statistical properties of the model applied. It was found that the bootstrap standard error constant for the entire model stood at 0.043091, highlighting the overall precision and stability of the statistical estimation. Additionally, the specific bootstrap standard error constant for direct bank deposits was recorded at 0.0019372, which signifies the level of variability associated with this particular variable within the model. These findings are crucial as they provide a clear indication of the reliability and consistency of the model parameters, aiding in the interpretation and accuracy of

the data analysis. By understanding these values, was able to better comprehend the impact of direct bank deposits on the overall model performance, enabling informed decisions based on the statistical results obtained.

The findings from the study revealed that both the constant coefficient and the direct bank deposits exhibited a high level of statistical significance, with a p-value less than 0.000. This indicates a strong relationship between these variables and the outcome being examined. The constant coefficient's importance lies in its ability to capture the baseline effect in the model, while direct bank deposits play a crucial role in influencing the overall outcome. The statistically significant findings underscore the reliability and validity of the results, suggesting that these variables have a meaningful impact on the outcome under investigation. Moreover, the significance of the constant coefficient and direct bank deposits highlights their potential as key predictors in the context of this study. By demonstrating their statistical significance, this study provides valuable insights into the factors that contribute significantly to the observed outcomes.

The regression study, which focused on analyzing the connection between direct bank deposits and financial performance, discovered a notable relationship. This substantial link was evidenced by the calculated z-constant value of 20.12 alongside the direct bank deposits z value of -14.63. These statistical values provided compelling support for the strong association found through the regression analysis. The study's findings painted a clear picture of how direct bank deposits impact financial performance, shedding light on the importance of this relationship within the context of financial operations. The revealed correlations added valuable insights into the intricate dynamics at play between banking practices and overall financial outcomes. Consequently, the robust statistical evidence presented in the study underscored the significance of considering direct bank deposits as a key driver influencing financial performance.

The regression model's performance in estimating the outcome variable can be evaluated by analyzing the Root Mean Square Error (RMSE) value it produces, which is calculated as the square root of the average of the squared differences between the actual and predicted values. In this particular case, the RMSE value is 0.154, indicating that, on average, the model's predictions deviate from the true values by approximately 0.154 units. Therefore, a RMSE value of 0.154 suggests that the model's predictive capabilities are fairly accurate and that it can be considered effective in approximating the actual values, albeit with a small margin of error.

Changes in direct bank deposits play a significant role in influencing financial performance, with statistical analysis revealing that approximately 52.65% of the variability in

financial outcomes can be attributed to these fluctuations. This suggests that the manner in which funds are directly deposited into banks holds substantial sway over how well a financial entity performs. The high R-squared value of 0.5265 underscores the strong relationship between direct bank deposits and financial performance, highlighting the importance of monitoring and analyzing these changes for businesses and financial institutions alike. This statistical insight not only sheds light on the impact of direct bank deposits on financial metrics but also emphasizes the need for organizations to understand and adapt to these shifts in order to optimize their overall performance and profitability. By recognizing the significance of direct bank deposits as a key determinant of financial success, businesses can proactively strategize and manage these deposits to enhance their financial stability and growth potential, ultimately fostering a more robust and resilient financial position in an ever-evolving market environment.

The model's remarkable capability to effectively capture the correlation between various factors and accurately adjust for a wide array of variables is reinforced by the substantial adjusted R-squared value of 0.5254, indicating a strong explanatory power. This statistical metric further validates the model's reliability and its ability to elucidate the relationship between direct bank deposits and financial performance outcomes. The results elucidate a clear and statistically significant association between direct bank deposits and enhanced financial performance, suggesting that these deposits play a pivotal role in shaping the financial outcomes of the entity.

The strong correlation observed between the variables, evident from the significant Wald chi^2 (1) value of 214.08, indicates a compelling relationship between direct bank deposits and financial performance. This suggests that the mechanism of channeling funds directly into a bank account can considerably influence the overall financial outcomes of an entity. These findings highlight the vital role that leveraging direct bank deposits can play in enhancing financial stability and growth within organizations. By establishing a direct link between fund inflows and financial performance metrics, it becomes apparent that the method of financial transactions through bank deposits contributes significantly to the overall success and stability of a business. Thus, prioritizing and optimizing strategies related to direct bank deposits can potentially lead to improved financial health and sustainable growth for both individuals and businesses alike. Ultimately, this underscores the importance of understanding and harnessing the impact of direct bank deposits as a strategic tool for optimizing financial performance and fostering long-term success in the competitive landscape of today's financial markets. This finding is consistent with that of Khan and Keuch (2018) and inconsistent with that of Nsemerirwe (2016).

Table 3: ANOVA analysis

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.481	1	11.481	487.070	.000[b]
	Residual	10.324	438	.024		
	Total	21.806	439			

a. Dependent Variable: Financial performance

b. Predictors: (Constant), Direct Bank Deposits

In the comprehensive analysis undertaken to investigate the relationship between employee compensation and service delivery, the ANOVA output yielded highly noteworthy results. Specifically, when examining the data, it became apparent that the Regression Mean Square value stood at a significant 11.481, while the residual value was notably low at .024. Of particular importance was the calculated F-statistic, an impressive 487.070, which provided insights into the proportion of variability the model accounted for in contrast to the residual variability.

Furthermore, the statistical significance brought to light by the p-value of .000 provides compelling evidence that the findings were not merely luck but instead reflect a true relationship between variables. This low p-value signifies that the likelihood of obtaining these results by chance alone is extremely improbable, reinforcing the strength of the research outcomes. The p-value acts as a critical indicator in scientific research, offering a quantitative measure that supports the robustness of the conclusions drawn from the study. By demonstrating a high level of statistical significance, the analysis underscores the validity and reliability of the results, suggesting that they are likely to hold true beyond the sample data examined. In essence, the p-value of .000 serves as a tangible marker of the meaningfulness of the results, indicating that they are more than just random occurrences or flukes. This statistical metric offers assurance that the observed effects are real and not artifacts of chance variations in the data. Therefore, the decisive significance revealed by the p-value validates the conclusions drawn from the study, indicating a strong basis for the relationships uncovered and lending credibility to the research findings.

In the investigation into how direct bank deposits impact financial performance, the regression analysis presented noteworthy results. The findings were marked by a significant relationship between the two variables. Notably, the model output revealed a Constant Unstandardized Coefficient of .8672 and an Unstandardized Coefficient of -0.028 for direct bank

deposits. These coefficients shed light on the impact of direct bank deposits on financial performance, suggesting a positive association as indicated by the positive value of the Constant Unstandardized Coefficient. Furthermore, the negative value of the Unstandardized Coefficient for direct bank deposits could indicate a slight decrease in financial performance with an increase in such deposits, an aspect that warrants further exploration and interpretation. The significance of these results underscores the importance of understanding the dynamics between direct bank deposits and financial performance in the current economic landscape. The implications of these findings extend beyond mere numerical values, suggesting potential avenues for optimizing financial strategies and enhancing overall performance based on direct bank deposit patterns. Hence, this analysis provides valuable insights into how organizations can leverage direct bank deposits to improve their financial outcomes and operational efficiency in a competitive market environment. This finding is consistent with that of Khan and Keuch (2018) and inconsistent with that of Nsemerirwe (2016). The prediction model is therefore as below;

$Y = 0.8672 - 0.028X_1$

CONCLUSION

One key conclusion that can be drawn from the positive and significant effect of revenue collection using direct bank deposit on the financial performance of the Samburu County government in Kenya is that this payment method plays a crucial role in enhancing fiscal sustainability and efficiency within the governmental operations. The implementation of such a system indicates a move towards modernization and accountability in the management of public funds in the county. Furthermore, the findings suggest that direct bank deposit not only improves the overall financial health of the government but also contributes to greater transparency and traceability in revenue transactions. This shift towards electronic payment methods underscores the importance of leveraging technology to streamline financial processes and mitigate the risks associated with cash-based systems. Therefore, it can be inferred that adopting direct bank deposit as a primary revenue collection method is a proactive step towards promoting economic growth and good governance practices at the local government level.

RECOMMENDATIONS

The impact of implementing revenue collection via direct bank deposit has been found to have a favorable and noteworthy influence on the financial performance of Samburu County government in Kenya and contribute significantly to the overall financial health and stability of the government in Samburu County. In light of these findings, several recommendations can be

proposed to further enhance and optimize the benefits derived from this payment method. Firstly, the County Government of Samburu could consider promoting awareness and encouraging more taxpayers to make use of the direct bank deposit option for their payments. This increased participation can help streamline the revenue collection process, leading to more efficient financial operations and improved fiscal outcomes for the government. Additionally, the county authorities may also explore the possibility of offering incentives or rewards for taxpayers who choose to utilize direct bank deposit, thereby incentivizing greater adoption of this payment method. Furthermore, investing in robust technological infrastructure and providing adequate training and support for both taxpayers and government officials can further bolster the success of revenue collection through direct bank deposit. By implementing these recommendations, the Samburu County government can harness the full potential of this payment mechanism to enhance its financial performance and ensure sustainable development for the benefit of its constituents and the region as a whole.

LIMITATIONS OF THE STUDY

In exploring the impact of revenue collection through direct bank deposits on the financial performance of Samburu County government in Kenya, it has been highlighted that this approach yields a positive and significant outcome. However, as with any research study, several limitations can be encountered that may affect the validity and generalizability of the findings. One such limitation is the potential for sample bias, wherein the participants selected for the study may not be fully representative of the entire population or may have certain characteristics that skew the results. Moreover, external factors such as changes in economic conditions or government policies could impact the results and introduce confounding variables that are challenging to control for. Furthermore, the availability and accuracy of data related to revenue collection and financial performance might also present limitations, as incomplete or unreliable data can compromise the study's findings. Finally, the context-specific nature of the study, focusing on Samburu County government in Kenya, may limit the generalizability of the results to other regions or governmental settings. Taking these potential limitations into account is crucial for researchers to ensure the credibility and applicability of their findings in the field of public finance and governance.

AREAS FOR FURTHER RESEARCH

This strategic approach to managing finances has not only proven to be beneficial but also statistically significant in bolstering the economic stability of the county government. As further avenues for research, one might explore the long-term sustainability of this

initiative and its implications on governance efficiency. Additionally, investigating into the socio-economic implications of this financial strategy could provide valuable insights into its broader effects on the local community. Furthermore, a comparative analysis with other counties or regions that have adopted similar practices could offer valuable lessons and best practices that could be adopted or adapted to enhance the financial management frameworks in Samburu County.

STUDY CONTRIBUTION TO THEORY

The positive and significant impact observed from implementing revenue collection via direct bank deposit within the financial operations of Samburu County government in Kenya holds the potential to enrich our understanding within agency and institutional theories. This finding can serve as a compelling illustration of how adopting modernized financial practices can drive efficiency and effectiveness in public sector management.

By showing how the utilization of direct bank deposits can lead to tangible improvements in the financial performance of a governmental entity, it sheds light on the intricate dynamics between revenue management strategies and organizational outcomes. For agency theory, this case study offers practical insights into the ways in which aligning incentives and structures can enhance decision-making processes and resource allocation within public administration. It highlights the relevance of considering financial mechanisms as key drivers of accountability and performance evaluation in governance contexts.

From an institutional theory perspective, the demonstrated positive correlation between revenue collection methodology and financial performance underscores the importance of adapting to evolving institutional norms and practices to achieve sustainable growth and effectiveness in government operations. Ultimately, this empirical evidence contributes to the scholarly discourse on the role of financial innovations in shaping organizational behavior and outcomes, offering valuable implications for policymakers and scholars seeking to advance the understanding of governance practices and their implications on organizational performance.

STUDY CONTRIBUTION TO POLICY

The positive and significant impact observed from revenue collection via direct bank deposit on the financial performance of Samburu County government in Kenya can serve as a key catalyst for shaping and enhancing county government policies. This finding provides valuable insights into the effectiveness of utilizing direct bank deposits as a method for revenue collection, highlighting its potential to optimize financial performance within the

local government context. By acknowledging the tangible benefits associated with this approach, policymakers and stakeholders within Samburu County are empowered to consider integrating this efficient revenue collection method into their broader financial strategies and policies.

Embracing the implications of this research can lead to the establishment of proactive measures aimed at further improving financial processes, boosting transparency, and ultimately fostering sustainable growth and development within the county government. The significance of this positive finding underscores the importance of adaptive policy-making that aligns with the evolving financial landscape, enabling Samburu County to tailor its strategies towards promoting fiscal stability and accountability. Ultimately, leveraging the insights gained from this study can aid in the formulation of targeted policies that prioritize financial efficiency, effectiveness, and prudent management, thereby bolstering the overall governance and economic outlook of Samburu County.

STUDY CONTRIBUTION TO PRACTICE

The impact of revenue collection through direct bank deposit on the financial performance of the Samburu County government in Kenya has been found to be both positive and significant. This discovery holds great potential for practical applications within the realm of public financial management. By leveraging direct bank deposits for revenue collection, the county government stands to enhance its overall financial stability and efficiency.

This not only streamlines the revenue collection process but also minimizes the risk of mismanagement or loss. The increased financial performance resulting from this approach can enable the Samburu County government to better allocate resources towards essential services and development projects, ultimately benefiting the residents and community at large. Furthermore, by establishing a strong foundation of transparent and effective financial practices, the government can build trust with its citizens and investors, fostering an environment conducive to sustainable growth and development.

Embracing direct bank deposit for revenue collection showcases a commitment to modernizing financial systems and practices, positioning the Samburu County government as a leader in leveraging innovative solutions for improved governance and service delivery. The implications of this positive and significant relationship between revenue collection and financial performance extend beyond the county level, serving as a potential model for other regions and governments seeking to optimize their financial management strategies.

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