

**RESPONSES OF MATATU OWNERS IN NAIROBI TO KENYA REVENUE
AUTHORITY TAX AMNESTY MARKETING PROMOTION**

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DECLARATION

This project is my original work and has not been submitted for a degree in any other University

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ABBREVIATIONS

KRA	-	Kenya Revenue Authority
IPAR	-	Institute of Policy Analysis and Research Kenya
PSV	-	Public Service Vehicles
GK	-	Government of Kenya
PAYE	-	Personal Annual Yearly Income
GDP	-	Gross Domestic Product
KSHS	-	Kenya shillings

ABSTRACT

This study sort to investigate the responses of Matatu Owners in Nairobi to Kenya Revenue Authority Tax Amnesty Marketing Promotion. To achieve this Matatu Owners in Nairobi were asked to give their responses to the Tax amnesty promotion introduced by KRA and to establish the factors that may have influenced the responses to the marketing promotion by KRA if any.

This was a descriptive study, which targeted all matatu owners registered with Matatu Owners Association Nairobi. Convenience sampling method was used to select the matatu owners interviewed. Primary data was collected using a semi-structured questionnaire. Out of the targeted 30 respondents, a response rate of 93% was achieved. Collected data was analyzed using descriptive statistics i.e. frequencies, percentages, mean scores and standard deviations. Likert scale was used to measure the responses of Matatu Owners in Nairobi to KRA amnesty Marketing Promotion.

From the study it was found that the KRA tax amnesty marketing promotion campaign in the form of publicity, tax clinics, messages and tax amnesty literature reached most of the target groups and was also viewed as communicative, understandable, interesting, educative, credible and well coordinated. The respondents felt more patriotic were induced to settle tax arrears, informed others about the tax amnesty and viewed the tax amnesty as an incentive. Most of the respondents now pay additional taxes other than the mandatory taxes. However, most of the respondents reported that they were reluctant to pay taxes promptly post tax amnesty.

Some of the respondents were not enthusiastic in responding to the questionnaire as appropriately possible. This could be attributed to the fact that the research was on tax matters which are considered very sensitive and the respondents might have feared that information gathered might be used against them despite assurances that any information disclosed would be treated in strict confidence. This could have also influenced the response of those who answered the questionnaires.

CHAPTER ONE

INTRODUCTION

1.1 Background

The market place is not what it used to be. Technology advances, globalization and deregulation have effectively made the business environment very competitive. This therefore makes effective communication with the various audiences critically important to organizations because they have to persuade buyers to accept their product or use their service (Kotler, 2002). In an organization like Government, the notion of competition was traditionally restricted to competition for resource inputs. Since government does not have unlimited financial resources and with increasing emphasis on corporate governance, the need to demonstrate best value in output has become fundamentally essential typically within a political arena. Government likewise has to identify the opportunities in environment and adapt resources and competencies to be able to meet their collective contractual relationships with its citizenry (Johnson and Scholes, 2002; Rao, 1989).

The contractual obligations are: security, creation of employment, enforcement of law and order, redistribution of wealth, economic infrastructure, public works, operation of government itself, education systems, income security, employment insurance health care, pensions for the elderly, energy, water, waste management and public transport, which are necessary for long term growth and development in any society (Lynch, 2004). This public expenditure is funded by grants from developing partners, internal and external debt, investment and taxation. Taxation is probably the key fundamental variable in the fiscal monetary programs of a country. Tax cuts in eight states in the United States of America from 1995 to 2001, so unprecedented decline in economic growth (Lynch, 2004). Taxation is therefore an obvious source from which governments can generate funds. Studies suggest that when taxes are used to expand the quality and quantity of public services they can stimulate and promote economic development and employment growth, therefore freeing developing countries from dependence on

handouts and punitive conditions often attached to aid. Tax can help countries, like Kenya determine their own route out of poverty (Christian Aid, 2005).

They are a myriad of challenges in tax collection. Apart from using the legislative prerogative: stick and carrot strategy, and the traditional marketing boards: regulatory, commercial development and financing boards, which were established to buy, collect, research, control and sell produce (Kibera and Waruingi 1998). Governments have to communicate in order to transfer meaning or understanding of their agendas and are exceedingly turning to marketing to resolve their problems and meet their needs profitably (Kotler, 2002). They are embracing, marketing communications strategies hitherto not practiced to initiate and create an enabling interaction with citizenry, who are the ultimate taxpayers. They are now using marketing in the process of planning and execution, pricing, promotion and distribution of ideas, goods and services to create exchanges that meet human and social needs and deliver a higher standard of living (Kotler, 2002).

1.1.2 Marketing Promotion

American Association of Marketing (1985): marketing refers to the performance of business activities that direct the flow of goods and services from producers or sellers to the consumer or user. Frey (1961) proposed that that all-marketing decision could be categorized into two factors: the offering and methods. The marketing offering is the product that satisfies a need or want. The method and tools are the communication tools used to make the offering. Deloziers, (1976) contends that the methods and tools used in the process of presenting an integrated set of stimuli to a market with the intent of evoking a desired set of responses within the market is promotion. It is therefore a key component of marketing (Kibera and Waruingi, 1998). It includes all the activities the company undertakes to communicate and promote its products. It is responsible for the communication of the marketing offer and plays an important role in the exchange process by informing persuading and reminding consumers of an organizations product or service and convincing them of its ability to satisfy their needs and wants (Kotler, 2002).

The objective of marketing promotion is to reposition the organization and or its product and services, in the minds of members of the target market, by influencing their perception and understanding. The goal is to generate attitudinal and behavioral responses. Marketing promotion deals with dialogue, positioning, and cognitive responses as it is a management process through which an organization enters into dialogue with it's varies audiences, based upon an understanding of the audiences communications environment, an organization develops and presents messages for its identified stakeholder groups and evaluates and acts upon the responses received (Fill, 2002).

1.1.3 Tax Amnesty

Tax amnesty, tax leverage or forgiveness is when taxpayers are given the opportunity to pay previously unpaid taxes, without being subject to some or all of the financial and criminal penalties that the discovery of tax evasion normally brings. Tax amnesties are seen as an acceptable rationale of clearing the slate clean (Alm and Beck, 1991). Amnesty programs can differ from one another and can be intermittent where they are declared every year like in the case of Argentina in the 1970s and 1980, or permanent or "one in a life time". Tax amnesties may cover the following parameters: all tax evaders, selected taxpayer, periods like current versus past evasion, components of the tax base i.e. tax base categories: domestic income verses foreign incomes, small taxpayers versus large taxpayers, only those satisfying specific conditions, discretionary versus automatic (Andreoni, 1991). Amnesties must specify which taxpayers are eligible for participation, coverage, duration, and the incentives the taxpayer is eligible. Cassone and Marchese, (1995) likens tax amnesties to sales promotion in a retail shop, where incentives are offered to induce or pull the customer to take the marketing offer.

Governments enact tax amnesties primarily to generate an immediate increase in revenues at reduced administrative costs. Tax amnesties have been known to improve post amnesty voluntary compliance through better post amnesty record keeping and monitoring of individuals who previously were not on the tax role. They also improve

post amnesty voluntary compliance if the amnesty is part of a larger effort to reform the tax system with improved enforcement efforts, reasonable and equitable civil and criminal penalties and better and more extensive taxpayer services and recruitment (Alm, 1998).

1.1.4 The Matatu Industry in Kenya

The transport sector is a core variable of a successful and vibrant and sustainable economy (IPAR, 2004). It is therefore key in the economic, business and human development of a country (World Bank Report, 1997). The transport sector in Kenya contributed approximately 8.5 % to Kenya's GDP during 1998 and 2002. The mode of transport in Kenya is mainly through road, sea and air. Road transport contributes over 70% in both freight and passenger carriage mainly through trucks, minibuses, and the petroleum pipeline (IPAR, 2004). A unique feature in Kenya's transport sector is the matatu. Matatu is an acronym for fare paying passenger's motor vehicle with a seating capacity not exceeding twenty-five passengers. Its entry in public transport in Kenya can be dated to the mid 1950s, when they started operating in Nairobi and were considered an illegal commercial entity. It took a presidential decree in 1973 for matatus to be recognized (Weekly Review, 18 December 1998, Macharia 1987).

Matatus today has been an arena of contending economic and political interests as it plays a significant role in the movement of people, goods and service in Kenya. The importance of the matatu in Kenya's political and economic setup is realized whenever the sector goes on strike. Whenever this happens, movement as well as other sectors of the economy more or less come to a stand still or are disrupted. In Nairobi, the matatu has more than 80% share of the modal split. In rural Kenya the matatu is the main and sometimes the only motorized means of transport. The matatu industry contributed Kshs13 billion or 1.4% of Kenya's GDP (Asingo, 2004). The matatu industry has grown both in the volume of activity conducted from hitherto small-scale industry in 1973 to an organized and a multimillion industry over the years. According to the Economic Survey, (2005) road licensees issued to PSV matatus rose from 30,675 in 2000 to 36,757 in 2004.

One would expect the phenomenal growth would translate to corresponding taxes. Matatu owners, argue that they incur many costs in running the matatu business. The costs consists of such items as purchase deposits, insurance, road licensee, matatu route, associations membership, fuel, tyres, salary, allowances, bribes, overhaul, gearbox, maintenance and depreciation (Khayesi, 1998). A study by Maranga (1989) revealed that due to the many costs incurred, most new matatus rarely made profits this may explain their tendency to overload and operate at high speeds.

In the past decade mandatory taxes have had to be introduced, since the matatu industry has contributed little or no tax in terms of voluntary compliance of tax. Kenya government (GK) started off by introducing the Public Service Vehicle License (PSV). In 1996 Kenya government introduced the advance tax on the income earned by public service vehicles and heavy commercial vehicles. In 2006 an advanced tax was introduced on personal annual yearly earns (PAYE), (Finance Bill 1995; Finance Bill, 2006). The legislations were enacted to ensure that the exchequer collected some revenue from the matatu industry, which was hitherto not being paid. The advanced tax is not a final tax. It is an installment on anticipated tax, which is likely to accrue from the profits earned in a financial year. In 2003 traffic regulations dealing with the management of matatus was enacted (Kenya Gazette Supplement, Legal Notice 161, 2003). This piece of legislation is to enhance road safety in light of the fact that the matatu industry has been exceedingly competitive characterized by a cutthroat culture, where cartels, conflicts, lack of adherence to the law and violence are the rule. (Muchilwa, 2004).

1.1.5 Kenya Revenue Authority and Tax Amnesty Marketing Promotion

The Kenya Revenue Authority (KRA) is the principal revenue collector of central government taxes in Kenya. It was established vide an Act of parliament Act (Cap 469) on July 1, 1995. KRA collects approximately 21% of Kenya's GDP). Since inception KRA revenue collection has registered an average growth rate of 10% with a performance rate of over 95% annually, which translates to a contribution of 95% to total Government (Kenya Revenue Authority, Second Corporate Plan 2003/04-2005/06). KRA is also responsible for implementing a wide range of government policies spanning areas

as diverse as revenue collection, enforcement of trade agreements, interdictions of narcotics, prevention of terrorism, protection of national heritage and enforcement of intellectual property laws.

KRA faces a myriad of challenges in tax collection. The internal challenges are corporate crime, corruption, smuggling, tax evasion, tax avoidance schemes and transfers pricing, coupled by taxpayers perception, attitudes and awareness levels towards tax compliance, which are in the form of knowing, when to pay, what to pay. This happens when organizations operate outside the tax system, failure to maintain sufficient records that assist in accurate assessment of tax, understate cash income and overstate tax credits. External forces have come to the fore due to globalization. They include tax competition where the host country lowers tax rates to attract foreign investment the Export processing Zones are examples of this. Trade liberalization, which is injurious to local industries. Tolerance of tax havens, which have helped wealthy individuals and corporations, criminals, corrupt leaders and terrorist move their wealth and profits offshore to avoid paying tax. Transfer pricing by multi nationals which is in the form fictitious accounts through which transactions occur without having to pay taxes (Tax Network Justice, 2005). Another challenge is in the area of customer's perspective and has in the recent past segmented its taxpayers with the view to enhance its service delivery.

KRA has in the recent past adapted marketing communication tools of advertisements, sales promotion, publicity and sales personal selling to reach its target audience. KRA has in the past used, billboards, tax clinics, news releases, editorials, press conferences and feature articles and tax amnesty. These marketing promotion platforms were used to reach, educate and recruit taxpayers by using the AIDA model to create attention, interest, desire and action (Strong, 1925). The recent tax amnesty marketing promotion campaign was what is referred to as a permanent or once in a life time tax amnesty of fiscal period 2004-2005 (Finance Act 2004/2005). It was extended to every organizations and individuals having tax arrears. It was accompanied by an extensive media blitz on radio, television, billboards and

newspaper. The tax amnesty ran for a period of six months and a further extension of an additional two months. Its objective was to raise short run increases in tax revenues and increase the tax population by an additional thirty thousand new taxpayers, which would yield KShs one billion in the post amnesty period. The tax generated approximately Kenyan shillings 4.4 billion.

1.2 Statement of the problem

KRA plays the critical role of marshalling Kenya government revenue as revenues generated from taxation spur economic growth and if properly utilized they develop the quality of life of its citizens. Apart from the legislative prerogative KRA has in the recent past initiated integrated marketing communications strategies to combat the challenges of evasion and avoidance of tax. KRA's tax amnesty marketing promotion of 2004 was such a campaign geared to change the attitudinal and behavioral responses of all taxpayers. National tax amnesty programs have been in place worldwide in the last thirty years. In the period from 1982 to 1997, tax amnesties were offered forty three times in thirty-six federal states in the United States of America (Alm, 1998).

The highest growth in the Kenyan economy in 2004 of 9.7% was recorded in transport and communication industry. The number of buses and small utility vehicles increased by 3.3%, matatus showing the largest increase by contributing 1.4% to Kenya's GDP (Economic Survey, 2005; IPAR, 2004). The matatu industry therefore generates substantial revenues. In the past decade mandatory taxes have had to be introduced due to low and virtually non voluntary self declarations of tax. Ownership in this industry is characterized by individual ownership or cooperatives commonly referred to as Saccos. The matatus do not operate in one area and have been known to shift base in search of more lucrative routes (Maranga, 1989). This therefore makes it difficult to track the said matatus and their respective owners, hence making collection of tax all the more difficult. This would explain the imposition of mandatory taxes in the last decade by Kenya government (Finance Bills 1995; 1996). This therefore motivated the researcher to carry out a study on the response of the matatu owners in Nairobi to KRA tax amnesty marketing promotion.

Studies conducted by (Alm1998) in a number of countries on the effects of tax amnesties suggest that such programs are multi-dimensional and hence differ from one another. The campaigns in the respective countries had different objectives: removing the traditional mental barrier against payment of tax, the introduction of a new tax system in the post amnesty period, detection of tax evasion, to promote compliance and the repatriation of capital. There appears to be no empirical work as yet to evaluate permanent tax amnesties and as such it is highly context dependent (Gupta and Mookherjee, 1998). This makes amnesty experiences elsewhere difficult to generalize to the Kenyan context.

Other studies carried out on KRA's ability to increase revenues from taxation by Murithi and Moya ,(2003); African Trade Policy Centre, (2004); Kenyan Ministry of Planning and National Development Kenya, (2003); Cheeseman and Griffiths, (2005); have focused on closing the taxation gap, expanding the Tax base, tax reform, trade liberalization, and the capacity and efficiency of tax administration by KRA. No such studies have been conducted on the subject of tax amnesty in Kenya.

The matatu industry in Kenya is seen as being chaotic and entrenched in anti social behavior, violence and lawlessness. In Nairobi the matatu industry is large hence the government stands to generate huge sums of revenue to facilitate economic development. It is not known how the firms in this industry responded to the KRA tax amnesty marketing promotion. The proposed study therefore intended to close this gap.

1.3 Objectives of the study

The objectives of the study were to:

- i) Determine the responses of Matatu Owners in Nairobi towards the Tax amnesty introduced by KRA
- ii) Establish the factors that may influence the response to the marketing promotion by KRA if any.

1.4 Importance of the study

The results of this study may be of used as follows

- i) **KRA** intends of establishing an appropriate communication mix that influence its taxpayers.
- ii) **Academic researchers:** the study may add to the existing body of knowledge on influences of amnesty as a promotional tool which may stimulate interest that will lead to further research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Marketing promotion objectives will invariably depend on the corporate objectives, which stem from the mission and vision of what the organization is trying to do and become over the long term (Thompson and Strickland 1990). To communicate effectively, marketers need to understand the fundamental elements underlying effective communication. The major parties in communication are the senders and the receivers. The communication process consists of nine elements: sender, receiver, message, media, encoding, decoding, response, feedback and noise. Once the target market and its perceptions have been identified, the sender must decide on the desired audience response i.e. cognitive, affective or behavioral response they want to get. The process the receiver may go through in moving towards a specific behaviour and how the promotional efforts of the marketer influence consumer responses (Belch and Belch, 2004). They must transmit the message through efficient media that reaches the target audience and develop feed back channels to monitor the responses (Kotler, 2001).

2.2 Promotion Mix

The basic tools used to accomplish an organization's communication objective are often referred to as the promotional mix. The elements of the promotional mix are: advertisement, direct marketing, interactive/internet marketing, sales promotion, publicity/ public promotion and personal selling to inform consumers about their products, their price and places where products are available. Each promotional mix variable helps marketers achieve promotional objectives. (Belch and Belch, 2004) To understand the role of the promotional mix in a marketing program one must understand the function of marketing in an organization. The basic task of marketing is to combine the four controllable elements known as the marketing mix into a comprehensive program that facilitates exchange with the target market. In developing the promotional program the marketer must decide which tools to use and how to combine them to achieve the organizations marketing and communication objective. Each element in the

promotional mix has its inherent advantages and disadvantage in terms of communication, cost and control, which can be used in different combinations and different degrees of intensity in order to communicate with a target audience (Belch and Belch, 2004).

The marketer may use the best known Response Hierarchy Models: AIDA, Hierarchy of Effects, Innovation Adoption and Communication. The models have been developed to depict the stages a consumer may go through in moving towards a specific behaviour and how the promotional effort of the marketer influences the consumer. In many instances the marketer's objective is to create awareness, which may trigger interest in the product or the marketer, may want to convey detailed information to change consumers knowledge of the attitudes towards brand and ultimately change their behaviour (Belch and Belch, 2004). By choosing the right sequence, the marketer can do a better job of planning communications (Ray 1982). A successful marketing promotion must correspond to each respective stage in the Response Hierarchy Models and the appropriate marketing promotion tool to achieve the required response (Fill, 2002).

Table 2.2 Response hierarchy Models

Stages	AIDA Model	Hierarchy Of Effects Model	Innovation Adaptation Model	Communication Model
cognitive	Attention	Awareness	Awareness	Exposure Reception Cognitive response
Affective	Interest	Liking Preference	Interest	Attitude
	Desire	Conviction	Evaluation	Intention
Behaviour	Action	Purchase	Trial Adaptation	Behaviour

Source: Kotler. P(2002), Marketing Management, Millennium Edition; Prentice Hall of India Ltd. New Delhi, pg556, figure 18.4

2.3 Advertisement

Alexander, (1965) defines advertising as any paid form of non-personal communication about an organization, product, service, or idea by an identified sponsor. The non personal component means that advertising involves mass media: TV, radio, magazines, newspapers, bill boards, neon lights etc, which can transmit a message to large groups of people often at the same time. Advertising is a potent marketing force. Essentially it is likely to have a lagged or carryover effect. On the whole it is able to positively influence consumers as it: creates awareness, reaches mass audiences, builds preferences, increases usage, increases brand loyalty, reduces attrition and price elasticity increases share of requirements attracts and new customers from other categories, (Batra; Myers and Aaker, 1996). Furthermore continual long term purchase behavior can also be generated (Jones, 1991). Its main weakness is that at times it may failure to influence consumers because it's unable to target consumers, make them believe the message and push them to action, (Belch and Belch,2004).

Advertising objectives like organizational objectives should be operational and should be an effective criterion for decision making, and provide standards with which results can be measured. An increase in immediate sales may not be attributed to advertising because advertising is only one of the many factors influencing sales. This therefore makes it difficult to isolate its contribution to sales since the contributory role of advertising primarily occurs in the long term. It is therefore of critical importance to understand the market dynamics necessary to analysis the ultimate behaviour which advertising should focus. If the advertising objective is new customers, the goal may be to get new customers, the results would be measured by the number of new customers attracted, (Batra; Myers and Aaker, 1996). The DAGMAR approach is often used to measure the communication aspect of advertising, which ultimately should be specific, a written measurable task involving a starting point with a defined audience and a fixed period of time.

2.4 Sales Promotion

Sales promotion is one of the components of the promotional mix and forms a variety of short term incentives to encourage trial or purchase of a product or a service. Firms use sales promotion to achieve one or several objectives like identify and attract new customers, introduce new customers, increase a number of users, induce current customers to buy more, educate customers regarding product improvements, maintain sales and to combat or offset competition (Kibera and Waruingi, 1998). It involves some type of inducement that provides an extra incentive to buy. It is a push strategy heightening the psychological value associated with the transactions as it aims to push use of a product or service by offering an incentive (Thaler, 1983). The incentives are non-monetary and monetary by nature. A monetary incentive is a reward that is perceived as savings or loss reduction and would include such items like price reduction, rebate and refunds (Thaler, 1983). A non-monetary incentive is a reward, which not only provides game like hedonic pleasure but also brings some computable economic savings to consumer (e.g. contests and sweepstakes to win some product, coupons, and extra amount of product).

Sales promotion is therefore a pivotal component, which has been heavily used as a major incentive tool to increase short, run sales volumes. According to survey carried out in the United States in 1993 sales promotions constituted over 70 % of the promotional expenditures out of which 80% of the household use coupons, (Batra; Myers and Aaker, 1996). Sales promotion influence consumers by: inducing trials and repurchase, spurring action notably before promotion ends, credibility of offer and value for money. Although sales promotion has been known to yield faster and more measurable responses in sales than advertising does if it is to work over the long term and bring about repeat purchase behaviour, then the new behaviour patterns need to be learned and adopted on a permanent basis. Sales promotion has been known to lead consumers to depend upon the presence of the promotion before commitment to a purchase. There is the fear therefore that the incentives can actively promote switching behaviour once a promotion is withdrawn and customers return to the brand unsupported by a sales promotion. (Papatia

and Krishnamurihi, 1996). It has also been known to dilute the long term image of brand (Kotler, 2002).

There are various methods used in measuring the effectiveness of sales promotion. Sport marketers have found a relative effective way to measure the effectiveness of sales promotion. They have established that attendance increases when promotions are offered. Another method is where the effectiveness of a sampling program is established by using a breakeven rate, where the sampling investment is divided over the profit of the year. If the conversion exceeds the breakeven rate the sale promotion is deemed to be a success. Advertisers may use awareness tracking studies that count the number, inquiries, coupon redemptions, brand and store switching, alternative promotions, price discounts and merchandizing techniques, (Belch and Belch, 2004).

2.5 Publicity

Publicity is regarded as a way to build corporations public image before stakeholders such as government, shareholders, employees and the various publics, (Batra; Myers and Aaker, 1996). It would consist of: press releases, conferences, interviews, product events, corporate events communications, lobbying and public service, audit reports, crisis management, obtaining favorable publicity, building up a good corporate image and (Aaker, 1996;Kotler, Armstrong, 2001).)

As the power of mass marketing weakens marketers developing a strong and socially oriented corporate reputation has become a major form of differentiation in many markets where price, quality and tangible attributes are relatively similar. Being able to present corporations as contributors to the wide social framework, a role beyond that of a simple profit generator has enabled stronger position to be achieved, (Hill, 2002). These actions provide a point of differentiation that stimulates loyalty and commitment. Customers see the Body Shop as part of the global community and not merely as a seller of cosmetics. (Aaker, 1996).

There are various methods used in measuring the effectiveness of publicity (PR). Lindernman. (1993) says that there are three levels of measure: actual activities undertaken, audiences reception and understanding and the perceptual and behavioral changes that result. Internal and by external audits are carried out. Research in the form of public opinion surveys may also be used to evaluate program goal attainment.

2.6 Direct marketing

Direct marketing is an interactive marketing system that uses one or more advertising media to effect a measurable response and or transaction at any location (Kotler, 2002). This communication approach aims to evoke action. Its distinctive features are its ability to target small segments of consumers by getting them respond immediately, by building confidence, providing information, involvement by creating a sense of urgency, which can be overcome by inertia (Batra; Myers and Aaker, 1996). The major channels of direct marketing are face to face selling, telemarketing, kiosk marketing and direct mail. The latter involves sending an offer, announcement, reminder or other item such as letters, flyers, foldouts, audio tapes, video tapes and computer diskettes to a person to a particular address via fax, electronic and voice mail.

Direct marketing is extremely popular media because it is personalized and permits selectivity although the costs are higher than mass media, however the response rates are actually higher. By adding up the planned campaign costs the marketer can figure out in advance the breakeven response time. The rate must be net of returned merchandise and bad debts. By carefully analyzing past campaigns direct marketers can steadily improve their performance (Kotler, 2002).

2.7 Personal selling

Personal selling is an interpersonal influence process involving a seller's promotional presentation conducted on a person-to-person basis with a potential buyer. The personal selling may focus initially on developing a relationship with the potential buyer, but will always ultimately end with an attempt to "close the sale" (Kibera and Waruinge, 1998). Personal selling is one of the oldest forms of promotion. It involves the use of a sales

force to support a push strategy (encouraging intermediaries to buy the product) or a pull strategy (where the role of the sales force may be limited to supporting retailers and providing after-sales service) (Kotler, 2000).

Kotler (2002) describes six main activities of a sales force: Prospecting, communicating, selling, servicing, information gathering, and finally, allocating of stocks. He contends that personal selling has various advantages as a means of promotion: First, it is a face-to-face activity; customers therefore obtain a relatively high degree of personal attention. Secondly, the sales message can be customized to meet the needs of the customer. Thirdly, the two-way nature of the sales process allows the sales team to respond directly and promptly to customer questions and concerns. Fourthly, personal selling is a good way of getting across large amounts of technical or other complex product information. Fifthly, the face-to-face sales meeting gives the sales force a chance to demonstrate the product; and lastly, frequent meetings between sales force and customer provide an opportunity to build good long-term relationships.

The nature of personal selling has evolved along with other disciplines, in terms of diversification of sales channels and trends. Recent trends in personal selling include relationship selling, consultative selling, team selling sales force automation and telemarketing. These trends view the role of the sales forces in a more holistic view, as a process and not an event, with the ultimate goal of ensuring that the consumer begins to view the sales process as an integral and essential component of the purchase process.

2.8 Summary

It has been observed that marketing promotion influences consumer's responses towards a product through advertisement, sales promotion, publicity, direct marketing and personal selling. Critical to marketing promotion is that once the target market and its perceptions have been identified the marketer must decide on the desired audience response they want to get. Each promotional mix can therefore be used in different combinations and different degrees of intensity to achieve promotional objectives.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design

The study was a descriptive study aimed concerned with finding out whether the promotion in form of amnesty motivated taxpayers and their responses if any. According to Cooper and Schindler (1998), such a study is concerned with finding out what, where, whether and how of a phenomenon, which is the concern of the current study.

3.2 Population

The population of interest in this study included the matatu owners in Nairobi registered with Matatu Owners Association. A list of matatu owners in Nairobi was obtained from Matatu Owners Association. As at 31st July there are 98 owners in Nairobi.

3.3 Sample and Sampling Design

A sample of thirty (30) respondents was considered adequate for the study. Convenience sampling method was used to select the matatu owners that were interviewed. Telephone numbers of the matatu owners were obtained from the Matatu Owners Association, and used to contact those studied.

3.4 Data Collection

Primary data was collected using a semi-structured questionnaire. The questionnaire was pre-tested to confirm clarity of the questions. Part A of the questionnaire contained questions on the demographic profiles, while B had questions on the responses to the amnesty tax promotion campaign by KRA. The administration of the questionnaire was by personal interview.

3.5 Data analysis

Data was analyzed using descriptive statistics. Data on demographics of responses was analyzed using frequencies and percentages. Data on objectives one (1) was analyzed using mean score and standard deviation to determine the extent of the influence of the

tax amnesty promotion campaign. Data on objective two (2) was analyzed using frequencies and percentages. The analyzed data has been presented on tables and charts.

3.6 Operationalization the Tax Amnesty Marketing Promotion Campaign by KRA

The operationalization contains the expanded definitions of marketing promotion used and addresses issues from both KRA and the respondents perspective variables and corresponding relevant issues are defined in table 3.6

Table 3.6 Operationalizing tax amnesty promotion campaign by KRA

Variable	Expanded Definitions	Relevant Issues	Relevant Questions
Advertising	Media	<ul style="list-style-type: none">- Reach- Persuasive- Informative- Remind- Understandable- Presentable- Timing- Impact	Q 6, Q7 Q 8
	Message appeal	<ul style="list-style-type: none">- Rationale- Emotional- Moral- Interesting- Threatening- Humorous- Attractive- Powerful	Q8
Sales promotion	Tax amnesty	<ul style="list-style-type: none">- Awareness of the amnesty- Induce the spirit to pay back tax arrears- Telling others about it- Pressured by the deadlines- Induce the Matatu owners to pay more- Communicative- Incentive- Prompt payments- Payment of other taxes	Q 6 Q 9

			Q 13 Q 14
Publicity/ Public relations	Press conferences, Interviews, Press releases feature articles, corporate events, lobbying, public service audit reports	<ul style="list-style-type: none"> - Informative - Educative - Interesting - Understandable - Communicative - Creditable 	Q 10
Direct Marketing	Tax amnesty literature	<ul style="list-style-type: none"> - Availability and educative tax amnesty literature - Customized 	Q 11
Personal selling	Tax clinics	<ul style="list-style-type: none"> - The style and manner relaxed/ friendly - Sufficiency of presentation aids - Sales person's knowledge of product features and benefits - Personalized attention - Prompt and relevant response to enquires - Building good long term relationships with KRA 	Q 12

CHAPTER FOUR

DATA ANALYSIS AND FINDINGS

4.1 Introduction

This chapter contains summaries of data findings together with their possible interpretations. The chapter has been divided into two sections, the first section analyses the demographic information of the respondents. The second section analyses the responses of matatu owners KRA tax amnesty marketing promotion campaign.

Thirty questionnaires (30) were distributed to the respondents; out of which twenty eight (28) responded. This gave a response rate of 93% and a non-response rate of 7%. The rate of response was large enough to validate sample of the study.

4.2 Demographic information of the respondents

The demographic information of the respondents considered in the study included the gender of the respondents, age, average matatu income per month, level of education, and the duration of being in the matatu industry. The results are presented in this section.

4.2.1 Gender of the respondent

The respondents were asked to indicate their gender.

Table 4.2.1 Gender of the respondents

Gender	Frequency	Percentage
Male	21	75.00
Female	7	25.00
Total	28	100.00

The findings indicate that 75% of the respondents were male, while 25 % were female, this shows that majority of those who were interviewed were male.

4.2.2 Age of the respondents

The respondents were asked to indicate their ages

Table 4.2.2 Ages of the respondents

Years	Frequency	Percentage
26-30 years	3	10.71
31-35 years	6	21.43
36-40 years	10	35.71
41-45 years	9	32.14
Total	28	100.00

The findings indicate that 67.85 % of the respondents were over the of 35 years while32.15% were 35 years and below.

4.2.3 The respondent’s level of education

The respondents were required to indicate the highest level of education they had achieved.

Table 4.2.3: Respondents level of education

Level of education	Frequency	Percentage
College	16	57.14
University	12	42.86
Total	28	100.00

The results indicate that 57% of the respondents had college education while 42% had university education. This shows that majority of the respondents had undergone secondary school education.

4.2.4 Average matatu income per month

The matatu owners were asked to indicate their average matatu income per month.

Table 4.2.4: Average matatu income per month

Amount	Frequency	Percentage
20,001- 50,000	8	28.57
50,001-100,000	11	39.29
Over 100,000	9	32.14
Total	28	100.00

The findings indicate that only 32.14 earned over kshs 100,000. 29% of the respondents had an average matatu monthly income of between kshs 20,001-50,000 while 32% had an average monthly income of over 100,000. This shows that majority of the respondents had an average matatu income of above Ksh. 50,000 per month.

4.2.5 Duration of being in the matatu business

The respondents were asked to indicate for how long they had been in the matatu business.

Table 4.2.5: Duration of being in the matatu business

Years	Frequency	Percentage
Less than 1 year	3	10.71
2 - 3 years	6	21.43
4 - 5 years	11	39.29
5 - 10 years	8	28.57
Total	28	100.00

From the findings, 11% of the respondents had been in the business for less than 1 year, 21% of between 2-3 years, 39% for between 4-5 years while 29% had been in the business for between 5-10 years. This shows that majority of the respondents had been in the business for more than 4 years.

4.3 KRA tax amnesty marketing promotion campaign

This section covers awareness of the KRA marketing promotion tax amnesty campaign, media, message, tax amnesty, press conferences, interviews, press release, tax amnesty

literature and tax clinics. This were measured in a five-point likert scale, where respondents were required to rate the extent to which they agree or disagree with the KRA tax amnesty marketing promotion campaign. The range was ‘Strongly Agree’ (5) to ‘Strongly disagree’ (1). The scores of ‘Strongly disagree’ and ‘Disagree’ have been taken to present a small extent (S.E) (equivalent to mean score of between 0 to 2.5 on the continuous likert scales ($0 \leq S.E < 2.5$)). The scores ‘Neither agree nor disagree’ have been taken to represent a variable that was responded to, to a moderate extent (M.E.) equivalent to a mean score of 2.6 to 3.9 on the continuous likert scales ($2.6 \leq M.E. < 3.9$). The score of both ‘Agree’ and ‘Strongly agree’ have been taken to represent a large extent (L.E.) equivalent to a man score of 4.0 to 5.0 on a continuous likert scale; $4.0 \leq L.E. < 5.0$. A standard deviation of >1 , implies a significant difference in opinion among respondents while <1 implies that there was no significant difference in opinion.

4.3.1 Awareness of KRA tax amnesty marketing promotion campaign

The respondents were required to indicate whether they were aware of KRA tax amnesty marketing promotion.

Table 4.3.1: Awareness of KRA marketing promotion tax amnesty campaign

Awareness	Frequency	Percentage
Yes	28	100
No	0	0
Total	28	100

From the table all, the respondents were aware of KRA tax amnesty marketing promotion.

4.3.2 Source of awareness of KRA Tax Amnesty campaign (media)

KRA employ various media i.e. radio, press advertisements, television, newspapers, tax amnesty literature to promote the tax amnesty campaign. The respondents were asked to indicate the sources from which they learnt of the KRA tax amnesty marketing campaign.

Table 4.3.2: Response to Media used by KRA

Media	Frequency	Percentage
Press advertisement	28	100.00
Radio	28	100.00
Television	28	100.00
Tax amnesty literature	27	96.43
Bill boards	26	92.86
Adapt a light	25	89.29
Street Banners	23	82.14
Posters	22	78.57
Magazines	19	67.86
Documentary Features	18	64.29
Word of Mouth	11	39.29
Tax clinics	6	21.43

From the table the most frequently cited source of awareness or media was press advertisement, radio, television, tax amnesty literature, bill boards, adapt a light and street banners which had a percentage of more than 80%. Word of mouth and tax clinics were the least effective having obtained a percentage of less than 40%. This shows that the majority of respondents become aware about the tax amnesty campaign through advertisements and mainly vide the media of print, audio and broadcast

4.3.3 Tax amnesty messages aired by KRA

KRA aired several varied messages i.e. pay your taxes set your country free, take advantage of the tax amnesty, give Ceasers what is Ceasers, tax amnesty is equal to no penalties no interests and no fines just to mention a few. The respondents were asked to rate the extent to which they reacted to the statements with regard to KRA tax amnesty messages.

Table 4.3.3 Response to messages aired by KRA

Messages content	Mean Score	Standard Deviation
Presentable	4.76	0.49
Persuasive	4.73	0.63
Understandable	4.69	0.56
Interesting	4.59	1.23
Informative	4.31	0.91
Moral	4.22	0.94
Powerful	4.11	1.32
Attractive	3.99	1.06
Made me feel more patriotic	3.91	1.11
Humorous	2.56	0.83
Threatening	1.93	0.79

To a large extent the respondents agreed that the messages were presentable, persuasive, understandable interesting, informative, moral powerful as the recorded a mean score of over (4.11). The message was perceived to be attractive, made the respondents feel more patriotic to a moderate extent with a mean score of (4.00). To a small extent, the message was humorous and threatening, which obtained a mean score of (1.92).

The items in the above table that obtained a standard deviation of >1 are whether the messages were interesting and made respondents more patriotic. This implies a significant difference in opinion among respondents. While the remaining items recorded a standard deviation of <1, which would imply that there was no significant difference in opinion. Majority of respondents did not feel threatened by KRA marketing promotion campaign.

4.3.4 Response to Press conferences, interviews and press release issued by KRA

KRA carried out press conferences, interviews, press releases, corporate events, lobbying, public services and issued reports. The respondents were asked to rate the extent to which they agreed with the publicity by KRA on tax amnesty. Findings are presented in Table 4.3.4

Table 4.3.4: Response to Press conferences, interviews and press release

Publicity	Mean Score	Standard Deviation
Communicative	4.76	0.69
Informative	4.63	0.59
Interesting	4.53	0.45
Credible	4.23	1.12
Felt overwhelmed and bombarded	3.71	0.58
Well coordinated	3.66	0.59

KRA publicity on tax amnesty was regarded to be communicative, informative, interesting and credible to a large extent and had a mean score of (4.23). The amnesty was well coordinated (3.66) to a moderate extent although the respondents felt overwhelmed and bombarded (3.71). With the exception of the issue of credibility all other publicity items in above table recorded a standard deviation of < 1 which would suggest that there was no significant difference in opinion

4.3.5 Response to tax amnesty literature

KRA issued pamphlets, newsletters and posted messages on the KRA web site

Table 4.3.5: response to tax amnesty literature

Response	Mean Score	Standard Deviation
Readily available	4.96	0.65
Educative	4.82	0.79
Understandable	4.71	0.59
Customized	3.67	1.23

The tax amnesty literature to a large extent was readily available, educative and understandable and recorded a mean score of more than (4.70). However, to a moderate extent they were customized (3.67) obtained a standard deviation of >1. This implies a significant difference in opinion among respondents some of who felt it was customized and those who disagreed. This shows that tax amnesty literature was readily available.

4.3.6 Response to Tax clinics

KRA held various tax clinics with various stakeholders including matatu owners in Mombasa.

Table 4.3.6: Response to Tax clinics

Response	Mean Score	Standard Deviation
I now have a long term relationship with KRA	4.78	0.67
The sales persons were prompt to respond to enquires	4.69	0.49
The salespersons gave personalized attention	4.53	0.91
The sales persons had adequate knowledge on tax amnesty features and benefits	4.53	0.51
The salespersons had sufficient presentation aids	3.58	1.21

The tax clinics to a large extent made the respondents feel that they had a long term relationships with KRA (4.78). The sales persons were prompt to respond to enquires (4.69), the sales persons gave personalized attention (4.53), had adequate knowledge on tax amnesty features and benefits (4.53). To a moderate extent the salespersons had sufficient presentation aids (3.58). Apart from the item as to whether the salespersons had sufficient aids all other items in the above table recorded a standard deviation of < 1. This shows that the sales persons give some personalized service.

4.3.7 Whether KRA tax amnesty marketing campaign made the respondents to Pay tax promptly

The respondents were asked to indicate whether KRA tax amnesty marketing campaign made them to pay tax promptly.

Table 4.3.7: Whether KRA tax amnesty marketing campaign made the respondents to pay tax promptly

Response	Frequency	Percentage
Yes	13	46.43
No	15	53.57
Total	28	100.00

From the table KRA tax amnesty marketing campaign made 46% of the respondents pay tax promptly, (4.21). On the other hand only a small section of the respondents were pressured by the tax amnesty deadline (2.32). This may explain why 53% of the respondents were not prompt in paying taxes despite KRA tax amnesty marketing promotion campaign.

4.3.8 Impact of Tax Amnesty

After receiving the tax amnesty message the respondents were asked to rate the impact of tax amnesty.

Table 4.3.8: Impact of tax amnesty

Responses	Mean Score	Standard Deviation
The tax amnesty message induced me to pay back tax arrears	4.93	1.23
The amnesty was an incentive to me	4.87	0.57
I was induced to pay more tax arrears	4.67	0.69
I informed others about tax amnesty	4.44	1.19
Others informed about the amnesty	4.21	1.32
I was pressured by the tax amnesty deadline	2.32	0.98

The tax amnesty message to a large extent induced the respondents to pay tax arrears, regarded the amnesty as an incentive, induced the respondents to pay tax arrears made the respondents inform others about the tax amnesty. Three items above recorded a standard deviation of > 1. This implies a significant difference in opinion among respondents, which suggests that there was mixed reactions with some strongly agreeing and others strongly disagreeing. From the findings majority of the respondents were not pressured by the tax amnesty deadline.

4.3.9 Whether KRA tax amnesty marketing campaign made the respondents pay additional taxes other than the mandatory taxes

The respondents were required to indicate whether KRA tax amnesty marketing campaign made them pay additional taxes other than the mandatory taxes. Findings are in table 4.3.9.

Table 4.3.9: Whether KRA tax amnesty marketing campaign made the respondents pay additional taxes other than the mandatory taxes

Response	Frequency	Percentage
Yes	12	42.86
No	16	57.14
Total	28	100.00

KRA tax amnesty marketing campaign made 43% of the respondents willingly pay additional taxes other than the mandatory taxes. This implies that the tax amnesty marketing promotion was not successful in changing the attitudinal behaviour of over 57% of the respondents.

CHAPTER FIVE

DISCUSSION, CONCLUSION AND RECOMMENDATION

5.1 Introduction

The study intended to establish the responses of Matatu Owners in Nairobi towards the Tax amnesty marketing promotion campaign and also establish the factors that may have influenced the responses to the marketing promotion by KRA if any. This chapter summarizes the findings as well as the conclusions gathered from analysis of data in Chapter four and in line with existing literature review on marketing promotion and response hierarchy models. Findings have been summarized alongside the objectives of the study, conclusions have been drawn from the study and the recommendations given.

5.2 Discussion

KRA like any corporate body has to demonstrate best value in output. It has to identify opportunities in the environment and has in the past had to adapt resources and competencies to be able to meet its collective responsibility through an enabling interaction with its stakeholders, with the view of ultimately communicating and transferring meaning of its agenda, that of tax collection.. In the recent past KRA has adapted marketing promotion mixes to reach, educate and recruit taxpayers by using the AIDA model to create attention, interest, desire and action (Strong, 1925).

KRA tax amnesty marketing promotion campaign used majority of the elements of the promotional mix in combination and in varying degrees. Each element in the promotional mix has its inherent advantages and disadvantages, which can be used in different combinations and different degrees of intensity in order to communicate with the target audience (Belch and Belch, 2004). One hundred percent of the respondents in this study were fully aware of KRA amnesty marketing promotion campaign. This success can be attributed to the fact that the respondents learnt of the marketing promotion through various media: press advertisement, radio, television, newspapers, tax amnesty literature, billboards, adapt a light, street banners, posters, magazines, documentary features, word of mouth and tax clinics. In addition the messages invoked rational, emotional and moral

appeals. To a large extent the respondents agreed that the messages, which had a mean score of over 4.00 were presentable, persuasive, understandable, interesting, informative, moral and powerful. On the other hand, the messages was perceived to be, attractive, humorous and made the respondents feel more patriotic to a moderate extent .To a small extent the respondents agreed that the messages, which had a mean score of over 1.93 were threatening.

Publicity is regarded as a way to build corporations public image before stakeholders such as government, shareholders, employees and the various publics, (Batra; Myers and Aaker, 1996). It would consist of: press releases, conferences, interviews, product events, corporate events communications, lobbying and public service, audit reports, crisis management, obtaining favorable publicity, building up a good corporate image and (Aaker, 1996; Kotler, Armstrong, 2001). KRA publicity on tax amnesty was regarded to be communicative, informative, interesting and credible. Although the publicity was well coordinated, to a moderate extent the respondents were overwhelmed and bombarded by the marketing promotion campaign (mean score of 3.71).

Direct marketing is an interactive marketing system that uses one or more advertising media to effect a measurable response and or transaction at any location (Kotler, 2002). This communication approach aims to evoke action. Its distinctive features are its ability to target small segments of consumers by getting them to respond immediately, by building confidence, providing information, involvement by creating a sense of urgency, which can be overcome by inertia (Batra; Myers and Aaker, 1996). KRA held various tax clinics with various stakeholders including matatu owners in Mombasa. To a large extent the respondents felt that the tax clinics evoked the feelings of a long term relationships with KRA because the sales persons were prompt to respond to enquires, they gave personalized attention and had adequate knowledge on tax amnesty features and benefits(mean of over 4.53), backed by moderate sufficient presentation aids. Although KRA provided literature on tax amnesty which to a large extent was readily available, educative and understandable. The respondents felt to a moderate extent that the literature was to generic and not customized to their particular needs (mean score 3.67).

Cassone and Marchese, (1995), likens tax amnesties to sales promotion in a retail shop, where incentives are offered to induce or pull the customer to take the marketing offer. The tax amnesty offer of incentives for a short duration of eight months in the form of no, fines, interest and criminal penalties that the discovery of tax evasion normally brings, coupled with word to mouth advertisement and the fact that to a small extent the respondents were pressured by the tax amnesty deadline (mean score 2.32) explains to a large extent why that respondents were induced to pay back tax arrears (mean score 4.93).

Governments enact tax amnesties primarily to generate an immediate increase in revenues at reduced administrative costs, improve post amnesty voluntary compliance through better post amnesty record keeping, monitor individuals who previously were not on the tax role recruit and reform the tax system (Alm, 1998). According to findings of this study, 57.14% of the respondents did not to pay tax promptly after post amnesty period. The performance therefore might be attributable to the anticipation of future amnesty. Sales promotion has been known to lead consumers to depend upon the presence of the promotion before commitment to a purchase and can actively promote switching behaviour once the promotion is withdrawn (Papatia and Krishnamurithi, 1996). However, an encouraging phenomenon is that the respondents were now paying additional taxes other than the mandatory taxes.

5.3 Conclusion

The KRA tax amnesty marketing promotion campaign reached most of the target groups. The promotion induced the respondents to pay back tax arrears, made the respondents inform others about the tax amnesty, regarded the tax amnesty as an incentive and made most of the respondents pay additional taxes other than the mandatory taxes. However, most of the respondents were reluctant to pay taxes promptly after the tax amnesty period. The responses were as a result of the KRA publicity, tax clinics, messages and tax amnesty literature which were communicative, understandable, interesting, educative, credible, well coordinated, available and made the respondents to feel more patriotic.

5.4 Recommendations

KRA should continue with the marketing promotion campaign using the various promotional platforms. It needs to ensure that attitudinal and behavior values it intends to inculcate are learned and adapted on a permanent bases if they are to work over the long term and bring about compliance in tax payment. KRA should also customize its services according to segment so as to be able to meet the needs of the diversity of taxpayers hence be fruitful in tax collection.

5.5 Limitations of the study

Most of the respondents were not enthusiastic in responding to the questionnaire as appropriately possible. This could be attributed to the fact that the research was on tax matters which are considered very sensitive and the respondent might have feared that information gathered might be used against them despite assurances that any information disclosed would be treated in strict confidence. This could have also influenced the response of those who answered the questionnaires.

5.6 Suggestions for further research

A similar study should carried out in other industries as well as in the other towns, as this could give a better view on the response of the target groups towards KRA tax amnesty marketing promotion.

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APPENDICES

Appendix I: Letter of Introduction

Sheila Kimani
Faculty of Commerce
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P.O Box 30197;
NAIROBI.

July 2006

Dear Respondent,

COLLECTION OF SURVEY DATA

I am a postgraduate student at the University of Nairobi, at the Faculty of Commerce. In partial fulfillment of the program Masters in Business Administration (MBA), I am undertaking a management research project entitled;

“Response of matatu owners in Nairobi to KRA tax amnesty promotion campaign”

I kindly therefore request you to assist me in filling out the attached questionnaire. Kindly respond to all the questions.

The information provided will be used exclusively for the purpose of this research. My supervisor and I assure you that the information will be treated in strict confidence. A copy of the final report will be availed to you upon your request.

Your cooperation will be highly appreciated.

Thank you in advance

Sincerely,

Sheila Kimani
MBA Student
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Margaret Ombok
Senior Lecturer/Supervisor
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Appendix (II)

QUESTIONNAIRE

Tax amnesty, tax leverage or forgiveness is when taxpayers are given the opportunity to pay previously unpaid taxes, without being subject to some or all of the financial and criminal penalties that the discovery of tax evasion normally brings.

Part A: General Information

Please respond to the questions given to the best of your knowledge as directed by the question.

1. What is your gender

a) Male

()

b) Female

()
2. Please tick the age bracket in which you fall

a) 20-25 years

()

b) 26-30 years

()

c) 31-35 years

()

d) 36-40 years

()

e) 41-45 years

()

f) 46 and above years

()
3. Indicate the highest level of education you have achieved

a) Primary

()

b) Secondary

()

c) College

()

d) University

()

e) Others (Specify) _____
4. What is your average matatu income per month?

a) Less than 10,000

()

b) 10,001 – 20,000

()

c) 20,001- 50,000

()

d) 50,001 – 100, 000

()

e) Over 100, 000

()

f) Others (Specify)

5. For how long have been in the matatu business?
- a) Less than 1 year ()
 - b) 2 – 3 years ()
 - c) 4 – 4 years ()
 - d) 5 – 10 years ()

Part B:

6. Are you aware of KRA marketing promotion tax amnesty campaign?
- a) Yes ()
 - b) No ()

7. Sources of awareness of KRA tax amnesty campaign (media)

From which of the following sources did you learn of KRA tax amnesty.

- a) Bill boards ()
- b) Tax clinics ()
- c) Tax amnesty literature ()
- d) Television ()
- e) Radio ()
- f) Magazines ()
- g) Newspapers ()
- h) Posters ()
- i) Adapt a light ()
- j) Press advertisement ()
- k) Documentary Features ()
- l) Street Banners ()
- m) Word of Mouth ()
- n) Others

8. Tax amnesty messages aired by KRA

KRA aired several messages: PAY YOUR TAXES; SET YOUR COUNTRY FREE AND TAKE ADVANTAGE OF THE TAX AMNESTY.

Please rate the extent to which you reacted to the following statements with regard to KRA tax amnesty messages. Where 1= Strongly Disagree 2= Disagree 3= Neither agree nor Disagree 4= Agree 5= Strongly agree.

	5	4	3	2	1
Was the message persuasive					
Was the message understandable					
Was the message presentable					
The tax amnesty message made me to feel more patriotic					

The message was threatening					
The message was humorous					
The message was moral					
The message was interesting					
The message was attractive					
The message was powerful					
Was the message was informative					

9. Impact of tax amnesty

After receiving the tax amnesty message: GIVE TO CEASERS WHAT IS CEASERS OR CEASE OPERATIONS ON 01/01/05; TAX AMNESTY= NO PENALTIES; NO INTEREST, NO FINES;

Please rate the extent to which you reacted on the following statements with regard to KRA tax amnesty. Where 1= Strongly Disagree 2= Disagree 3= Neither agree nor Disagree 4= Agree 5= Strongly agree.

	5	4	3	2	1
The tax amnesty message induced me to pay back tax arrears					
I informed others about the tax amnesty					
Others informed me about it					
I was pressured by the tax amnesty deadline					
The amnesty was an incentive to me					
I was induced to pay more tax arrears					

10. Response Press conferences, interviews and press release issued by KRA

KRA convened press conferences, interviews, press releases, corporate events, lobbying, public services and reports. Please rate the extent to which you reacted to the following statements with regard to publicity by KRA tax amnesty. Where 1= Strongly Disagree 2= Disagree 3= Neither agree nor Disagree 4= Agree 5= Strongly agree.

	5	4	3	2	1
Were they credible					
Were they communicative					
Were reports interesting					
Were they informative					
Did you feel overwhelmed and bombarded					
Were they well coordinated					

11. Response to tax amnesty literature

KRA issued pamphlets, newsletters and posted messages on the KRA web site. Please rate the extent to which you reacted to the following statements with regard to the publicity by KRA tax amnesty. Where 1= Strongly Disagree 2= Disagree 3= Neither agree nor Disagree 4= Agree 5= Strongly agree.

	5	4	3	2	1
Was the literature readily available					
The tax amnesty literature was understandable					
Tax amnesty literature was educative					
The tax amnesty literature was customized i.e. addressed my needs					

12. Response to tax clinics

KRA held various tax clinics with various stakeholders including the matatu owners in Mombasa Please rate the extent to which you reacted to the following statements with regard to KRA tax amnesty Clinics. Where 1= Strongly Disagree 2= Disagree 3= Neither agree nor Disagree 4= Agree 5= Strongly agree.

	5	4	3	2	1
The salespersons had sufficient presentation aids					
The sales persons gave personalized attention					
The sales persons prompt to respond to enquires					
The sales persons had adequate knowledge on tax amnesty features and benefits					
I now have a long term relationship with KRA					

13. Has KRA marketing promotion tax amnesty campaign made you pay tax promptly?

- a) Yes ()
- b) No ()

If yes give the reasons
.....
.....

If no give the reasons
.....
.....

14. Has KRA marketing promotion tax amnesty campaign made you not pay any taxes other than the mandatory taxes?

- a) Yes ()
- b) No ()

If yes give the reasons
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.....

If no give the reasons
.....
.....
.....

I sincerely thank you for the time you have taken to complete this questionnaire.