INFLUENCE OF AUTOMATION OF REVENUE COLLECTION PROCESSES ON ORGANIZATIONAL PERFORMANCE: A CASE OF COUNTY GOVERNMENT OF MERU, KENYA

BY

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DECLARATION

This research project report is my original work and has not been presented for academic purposes in the University of Nairobi or any other University.

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This research project report has been submitted for examination with my approval as the University Supervisor.

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DEDICATION

I dedicate this project to my Parents Alice Kaimenti, Margaret Mwari and Thomas, My brothers Naftaly Juma, Jasper Mwangaza and Caspian Musinde, Sisters Fiddiggo Mwende, Elizabeth Muthoni, Risper Jahmalla, Idah Kawira and Sophia Kendi and friends Winfred Nganga and Lucy Kathure for the support and encouragement while under taking this course.

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ABSTRACT

In today's competitive, fast-paced business landscape, getting the most out of available resources is not an option but rather a requirement. Organizations are taking a highly proactive approach to systems modernization and operations in an effort to increase efficiency and effectiveness in their operations. There is an increasing need by the government to collect much revenue by way of taxes to face the increasing financial expenditures budgeted by the country. The study aimed at assessing the influence of automation of revenue collection process on organizational performance, a case study of Meru County. The objectives of the study were to assess the extent in which online process influence the organization performance, to establish to what extent online receipting process influence organization performance, to determine in what ways online payment process influence organization performance and to determine how online response influence organization performance in Meru County. The design of this research was a descriptive survey research. The population for this study was composed of 13 top level managers, 41 middle level managers and 102 low level managers. Stratified proportionate random sampling technique was used to select the sample of 111 respondents. The study used a semi structured self-administered questionnaire to collect data from the respondents. Quantitative data was analyzed by descriptive analysis using SPSS and presented in form of frequency tables. Content analysis was used for the qualitative data and then presented in prose. The study also conducted a Pearson's correlation analysis to establish the relationship between the variables. The study established that online process of automation of revenue collection processes influence performance in Meru County office to a great extent. The study found out that online payment process of automation of revenue collection processes influence performance in Meru County office to a great extent. The study concludes that online payment process of automation of revenue collection processes influence performance in Meru County office to a great extent. The study further concludes that online response process of automation of revenue collection processes influence performance in Meru County office to a great extent. This study therefore recommends that the machinery purchased for this purpose to be of high quality and maintained regularly. The study also recommends that the County should make a full migration to online payment process of all large transactions.

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LIST OF ABBREVIATIONS AND ACRONYMS

CEPS   Customs Excise and Preventive Service

EDI   Electronic Data Interchange

ETR   Electronic Tax Register

GRA   Ghana Revenue Authority

ICPAK   Institute of Certified Public Accountants in Kenya

ICT   Information and Communication Technology

KIHBS   Kenya Integrated Household Budget Survey

UNCTAD   United Nations Conference on Trade and Development

VAT   Value Added Tax

1.1 Background of the Study

This chapter gives a brief introduction of the research study by looking into factors influencing the land rates. The chapter explores the objectives of this study while stating the research questions which this study hopes to have answers to. The chapter also states the problem at hand and goes ahead to give the objectives of the study while at the same time giving the significance of this study.

Automation of revenue collection system involves investing in modern technologies for example: ICT in order to upgrade the revenue system to achieve integration and information sharing so as to enhance efficiency and effectiveness of the system. All Sectors of the County should put in place an effective and efficient revenue collection system in monitoring framework that ensures adequate supervision of the budgeted programs and project activities to enhance accountability and absorption of resources (Amin, 2013). Automation of revenue collection systems and structures is instrumental in improving and simplifying administration of taxation through utilizing modern technologies for example ICT.

Public revenue collection is an integral component of fiscal policy and administration in any economy because of its influence on government operations. It is the fuel of every government as it is the main instrument through which government funding is ensured. Tax revenue collection should comply with best practices of equity, ability to pay, economic efficiency, convenience and certainty (Visser & Erasmus, 2005). For any organization to match in performance with the growth and expectations of its clients, it needs to increase its fiscal depth without incurring costly recurring overheads (Gidisu, 2012).

There is an increasing need by the government to collect much revenue by way of taxes to face the increasing financial expenditures budgeted by the country. Automated systems have been proven to be capable of introducing massive efficiencies to business processes that can result in increased revenue collections (Zhou & Madhikeni, 2013). Application of technological solutions towards the strategic goals for government is a key step towards transforming government into an entity that can keep abreast of the needs, requirements and expectations of today's modern world (de-Wulf & Sokol, 2005).

Revenue administration automation has a positive impact on the cost of tax administration, automation and effectiveness of revenue collection. In Addition, automation of process at revenue collection points has a positive impact on the tax clearance time (Haughton & Desmeules, 2001). Automation of Tax-Information Processing System does not require high equipment cost, but rather helps to ease the burden of over-staffing, high re-engineering cost confronted by among other government institutions.

Verifying that the correct amount of tax has been paid is an important component of improving compliance. Limited resources restrict the ability of revenue authorities to audit each and every tax return submitted (Amin, 2013). Increased focus on areas of greater revenue risk would form a major part of the strategy of any revenue authority, which relies on a self-assessment system. In order to curb tax evasion, revenue authorities make use of data base programs to assist with case selection. A data base is a research tool which combines data from various revenue information systems and identifies areas of risk to be investigated by the audit section (Dramod, 2004). External data base programs from other Government or non-Government agencies are also used, such as those of the Registrar of Companies, the Title Deeds Office, and others. As such, modernization of tax collection system has a great impact on the level of revenue collection in any economy (de Wulf & Sokol, 2005).

In today's knowledge based world, providing public services are heavily depend on information and communication technologies. The internet has simply become the basic information communication and sharing area of the future (UNCTAD, 2008). While information technologies provide austerity at an important level, they also improve the quality of the public service. One of the important application area related to the use of information technologies in the public services is taxation. Electronic tax return, payment systems and tax automation systems generated in this area gain an increasing importance because of their ability to increase collections. Electronic tax management applications firstly started in the USA, and then spread in other developed and developing countries. Factors such as information and communication technologies which develop rapidly together with the process of globalization, gain strength and decrease costs and the increasing information sharing have extended the electronic tax management applications all over the world (de Wulf & Sokol, 2005).

The first known system of taxation was in Ancient Egypt around 3000 BC - 2800 BC in the first dynasty of the Old Kingdom (Mugo, 2013). Records show that the Pharaoh would

conduct a biennial tour of the kingdom, collecting tax revenues from the people. Other records are granary receipts on limestone flakes and papyrus. Early taxation is also described in the Bible. In Genesis (chapter 47, verse 24 - the New International Version), it states "But when the crop comes in, give a fifth of it to Pharaoh. The other four-fifths you may keep as seed for the fields and as food for yourselves and your households and your children". Joseph was telling the people of Egypt how to divide their crop, providing a portion to the Pharaoh. A share (20%) of the crop was the tax (Engman, 2005). Later, in the Persian Empire, a regulated and sustainable tax system was introduced by Darius I the Great in 500 BC; the Persian system of taxation was tailored to each Satrapy (the area ruled by a Satrap or provincial governor).

At differing times, there were between 20 and 30 Satrapies in the Empire and each was assessed according to its supposed productivity. It was the responsibility of the Satrap to collect the due amount and to send it to the emperor, after deducting his expenses (the expenses and the power of deciding precisely how and from whom to raise the money in the province, offer maximum opportunity for rich pickings). The quantities demanded from the various provinces gave a vivid picture of their economic potential. For instance, Babylon was assessed for the highest amount and for a startling mixture of commodities; 1,000 silver talents and four months' supply of food for the army. India, a province fabled for its gold, was to supply gold dust equal in value to the very large amount of 4,680 silver talents. Egypt was known for the wealth of its crops; it was to be the granary of the Persian Empire (and, later, of the Roman Empire) and was required to provide 120,000 measures of grain in addition to 700 talents of silver. This was exclusively a tax levied on subject peoples. Persians and Medes paid no tax, but, they were liable at any time to serve in the army (Engman, 2005). Tax administration is a difficult and unenviable task, but nevertheless critical for revenue generation required for accelerating growth and to improve the quality of life of the citizens.

Automation system based approaches have become an important vehicle for achieving efficiency in tax administration (UNCTAD, 2006). Hence, automation impacts on the efficiency of tax administration. Efficiency of tax administration is defined as costs, tax clearance time and effectiveness of revenue collection. According to a study conducted in Ghana by Gidisu (2012) on the automation system procedure of the Ghana revenue authority on the effectiveness of revenue collection, Ghana Revenue Authority (GRA) adopted the

UNCTAD developed Automated System for Customs Data and Management, which is fully integrated and covers the complete tax clearance process. The system handles customs declarations, accounting procedures, transit and other suspense procedures, generation of trade data that can be used for statistical and economic analysis (United Nations Economic Commission for Europe, 2007).

Several studies have identified automation as a predictor of efficiency and research shows a link between customs administration efficiency and automation (Engman, 2005). However, he posits that the costs of implementing, maintaining and operations are substantial, echoing the view advanced by Hawley (1996). Further, GRA continued to witness tax processing and clearance delays, despite its use of computer programmes transfer electronic information required by tax authorities to authenticate tax declarations, accurate assessment of tax dues, increased time efficiency, reduced tax administration cost, and improved effectiveness of revenue collection (Sykesville, 2003). Recent studies associate significantly positive impact of automation on containing the high cost, time inefficiency and ineffective manual procedures of tax administration and revenue collection, corruption, delays and computing errors (Vasudevan, 2007; Peled, 2000; Zineldin, 2007). These scholars posit that automation is an avenue to efficiency and effectiveness in terms of clearance time and cost of revenue collection.

Prior to the introduction of an automated system, trade-related documents were manually processed by Customs officers. None automated systems of revenue are attributable to problems of tracking and identifying fraud or rogue revenue collectors are only compounded by the usage of manual or centralized systems due to the resources and overheads needed to monitor and control such problems. Manual collection of payments at several service points lead to delayed customer service with built-in Risk Of manual cash management Minimal payment channels. Disparate payment applications and Lack of integration to the back office applications bring about delayed and possibly erroneous analysis and reporting (Prichard, 2010). Given the constraints faced by the then Ghana Customs Excise and Preventive Service (CEPS) because of the increasing volume of international trade and limited number of officers, Customs implemented Electronic Data Interchange (EDI) to control all Customs commercial operations by introducing computer clearance system for exports. The system has been expanded to cover imports and fully implemented at seaports and airports nationwide in 2000.

According to Amin (2013), local governments are a level of government below the central government (second-tier) in the case where the state is unitary, or below the regional, provincial or state government in the case of a federation (third-tier). The Constitution of Kenya 2010 introduces a two tier system, national and county governments. Further schedule four of the constitution mandates county governments to provide a range of services as set out by law to its constituents and has a legal authority to do so. It also has legal powers to enforce its executive and regulatory decisions on its citizens without resorting to unnecessary social pressures to achieve this. Its instruments define its area of authority and basis for representation on its political leadership platform. It has its own staff and revenue (Kamolo, 2014).

In Kenya, many of the second-tier governments have been faced with an impossible situation where their entire revenues have not been enough to meet their budgetary needs. Most of these have not had enough money to pay the wages of their employees. The situation in these second-tier governments is a fiscal crisis of unprecedented dimensions for the State Governments. Even with sincere efforts to correct the situation, it is estimated that it will take the Indian government several years to come out of the current fiscal imbalance. Consequently, the State is starved of funds to meet the essential investment needs in social and infrastructure sectors. Large borrowings are resorted to by several States just to meet the current expenditure. Almost all the indicators of fiscal health of the State economies are steadily deteriorating. Unless drastic measures to correct the situation are resorted to without delay, several State finances will collapse (Victor, 2014). The situation in Kenya in regard to revenue maximization by local governments has also been wanting. For example, revenue collected is inadequate to achieve the objectives of self-reliance and structural transformation of the rural environment. Though there are many revenue avenues, there are some aspects of local revenue administration which are not fully operationalized; for instance, only rudimentary assessments of the ratable liabilities are undertaken (Manyasi, 2012). In a baseline survey on devolution released by the Institute of Certified Public Accountants in Kenya (ICPAK, 2014), several counties are generating less revenue than what the defunct local authorities that lay within their boundaries raked in collectively; raising concerns on the capacity of the devolved units in raising own revenue. According to the report titled 'Public Finance Building Blocks for Devolution', the counties have weak revenue bases, lack internal audits, have poorly trained personnel, use manual revenue collection systems and some county revenue officers are reluctance to embrace change, and this has impacted negatively

on revenue collection within the counties (Amin, 2013). In a move to create a transparent data base so as to track payments real-time, improve efficiency, reduce cash transactions as well as ensure there are no leakages in the revenue systems; the Meru County government has been planning to step up revenue collection by phasing out the manual collection system to pave the way for a fully automated one. All which is geared towards improving its revenue base (Amin, 2013).

Meru County covers an area of 6936 km of dry land. The county is situated in the Eastern part of Kenya and boarders Isiolo to the north, Nyeri to the south west, Tharaka Nithi to the south west and Laikipia to the west. Administratively, the county is divided into seven divisions, eighteen locations and thirty sub-locations. The county is politically divided into 9 constituencies and 45 electoral wards. The county's population going by the 2009 census was 1,365,301 in 2009 and has an estimated growth rate of 2.6% per annum. Currently the population is estimated to have grown over 2,040,941. The county is metropolitan in nature and houses residents from almost all other counties in Kenya. Unemployment at the county is estimated at 37.6% by the Kenya Integrated Household Budget Survey (KIHBS) of 2013 (Republic of Kenya, 2013). Victor (2014) reveals that the financial situation of the county government of Meru, though on an upward trajectory, is one that is still in need of dire reforms. Having this in mind, this study seeks to determine the strategies adopted by the County Government of Meru.

1.2 Statement of the Problem

In today's competitive, fast-paced business landscape, getting the most out of available resources is not an option but rather a necessity. Organizations are taking a highly proactive approach to systems modernization and operations in an effort to increase efficiency and effectiveness in their operations. System automation allows firms to automate new platforms of their revenue collection systems in order to reap maximum benefits (Bahwan CyberTek, 2012). System modernization provides measureable improvements in the efficiency and effectiveness of development and maintenance activities with on-time delivery and predictable quality (UNCTAD, 2008).

Globally, several scholars and researchers have reviewed revenue system modernization and revenue collection. Gidisu (2012) did a study on the automation system procedure of the Ghana Revenue Authority on the effectiveness of revenue collection using a case study of

customs division. It was established that there was a positive impact of automation system usage and the cost of tax administration, automation and effectiveness of revenue collection. Wasilewski (2000) studied the economic development and taxation system by comparing the case of Brazil and Japan. Japans experience demonstrated that a country does not need to postpone a real change in the tax structure until it achieves a high stage of development. Rather, a modern system can stimulate economic growth and enhance the domestic market.

Despite Meru County being host to Kenya's agricultural epicenter, the county has been faced with severe economic challenges that have seen increased incidences of crime. The county government in 2013 missed its target for locally collected revenue by 43% raising Kshs 340 million against a target of Kshs 600 million. The inability to raise the full budgeted revenue even with the wake of automation coupled with administrative challenges in accessing the county revenue fund account contributed to the low absorption rates (Republic of Kenya, 2014). Therefore, effective strategy for raising revenue to meet the high needs of the region is a significant milestone of turning the dwindling opportunities for the county government.

Several studies have been done previously on strategy and revenue generation. Latema (2011) in a study on the business models for revenue generation and enhancement adopted by County Governments in Kenya, it recommends the need for county governments in Kenya to innovate new models of revenue enhancement and revenue generation. Victor (2014) looks at ways of engendering public participation in county government governance just giving a general overview of strategies of raising revenues at the county levels. Kariuki (2009) did a survey of revenue enhancement strategies by Local Authorities. It was observed that to enhance revenue collection by local authorities, political will, technological reforms, taxpayer education and incentives to those involved are required so as to enhance the revenue mobilization effort.

When County governments are not penalized for inefficient operations nor rewarded for improvements, there is no incentive for efficient County Governments and revenue collection (Manyasi, 2012). Therefore there is a need to carry out the study with an intention of tracing and providing options for sealing the loopholes in revenue collections in relation to service delivery in the counties. Whereas many studies have been undertaken to address the electronic revenue collections as discussed, most studies on strategies of raising revenue in County governments in Kenya took a general approach mainly focusing on the whole nation and to the best of the researcher's knowledge, there has been no study focusing on automation

of revenue collection process in Meru County. Having this information in mind, this study attempts to fill the knowledge gap by focusing on the automation of revenue collection process and its influence on the performance of the County Government of Meru.

1.3 Purpose of the study

The purpose of this study was to assess the influence of automation of revenue collection process on organisational performance with reference to County Government of Meru.

1.4 Study Objectives

The study was guided by the following objectives;

1. To assess to what extent online process influence organization performance.
2. To establish the extent online receipting process influences organization performance.
3. To determine in what ways online payment process influence organization performance.
4. To establish how online response influence organization performance.

1.5 Research Questions

The study sought answers to the following research questions:

1. How does online billing process influence organization performance?
2. To what extent does online receipting process influence organization performance?
3. How does online payment process influence organization performance?
4. How does online response influence organization performance?

1.6 Significance of the Study

The study will be beneficial to various stakeholders; this study will be an instant source of information to county governments' management on the various strategic alignment practices being adopted by them and other potential strategies that they can employ towards attainment of their goal. This study will also be helpful since it will help the county governments in controlling much more effectively the execution and realization of their strategies as it will be able to incorporate the possible risks to be faced in their operation if automation of revenue collection strategy is not achieved. Other organizations will benefit from the study since they will be able to adapt the findings of this study in their organizational set-up. Some light will also be shed on the loopholes in influence of automation of revenue collection process on the organization performance.

Citizens of the county will also be able to access online payment for different services that are provided by the revenue body through the system, which will also bridge the need for trusted and reliable data. Through the new receipting system, taxpayers in the county will be provided by with a single view receipt of their tax payments offered through a single master record for each citizen in order to promote consistency and visibility.

The policy makers can obtain knowledge of the industry dynamics and the appropriate strategies and therefore they can obtain guidance from this study in designing appropriate revenue collection process that will regulate the industry and methods that can be used to mitigate risks during the revenue collection. The Government especially in the Ministry of Finance (Kenya Revenue Authority) also stand to benefit from the findings of this study in making key policy decisions whose overall objective is to increase tax base at the grassroots, accountability of revenue collected, influence on the level of economic activity and management of public debt.

To scholars and academicians, the findings of this study would increase the body of knowledge to the scholars interested in revenue system automation and revenue collection in the national and county governments. It would provide a basis for further research to future scholars and academicians on identified gaps

1.7 Delimitation of the Study

This study focused on the influence of automation of revenue collection process on the organization performance. The study specifically focused on County Government of Meru. The study collected data from the management staff of the County Government of Meru.

1.8 Limitations of the study

The study encountered unwillingness by respondents to reveal information which may have been classified as confidential. The researcher faced a challenge in securing the respondents precious time considering their busy working schedules. The researcher made proper arrangements with respondents to avail themselves for the study off-time hours as well as motivating them on the value of the study. The researcher also had to exercise utmost patience and care and in view of this the researcher has to make every effort possible so as to acquire sufficient data from respondents. The research was also constrained by a number of factors such as insufficient funds and time to undertake follow up after data is collected.

1.9 Definition of Significant Terms used in the Study

Automation - Refers to the technique, method, or system of operating or controlling a process by use of electronic devices, (Oxford dictionary)

Revenue - Refers to the amount of money that a company receives during a specific period, including; discounts and deductions for returned merchandise.

Online Process - Refers to a technique or system of operation or controlling a process by use of electronic device

Online Receipting – Refers to the receipting of goods bought through electronic means

Online Payment - Refers to payment of goods and services by use of electronic means such as visa cards

Online Response - Refers to the efficiency and effectiveness of automated revenue collection process in terms of feedback

Organizational Performance – refers to an analysis of a company's performance as compared to goals and objectives. The organizational performance is measured in terms of financial performance, market performance and shareholder value performance (in production capacity performance

1.10 Organization of the Study

The study is organized into five chapters. Chapter one contains the introduction to the study. It presents background of the study, statement of the problem, purpose of the study, objectives of the study, research questions, significance of the Study, delimitations of the study, limitations of the Study and the definition of significant terms. On the other hand, chapter two reviews the literature based on the objectives of the study. It further looked at the conceptual framework and finally the summary. Chapter three covers the research methodology of the study. The chapter describes the research design, target population, sampling procedure, tools and techniques of data collection, pre-testing, data analysis, ethical considerations and finally the operational definition of variables. Chapter four presents analysis and findings of the study as set out in the research methodology. The study closes with chapter five which present the discussion, conclusion, and recommendations for action and further research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

In this second chapter, relevant literature information that is related and consistent with the objectives of the study was reviewed. Important issues and practical problems are brought out and critically examined so as to determine the current facts. This section is vital as it determines the information that link the current study with past studies and what future studies will still need to explore so as to improve knowledge.

2.2 Impact of Automation of Revenue Collection on Organizational Performance

This section focuses on the effect of various aspects of automation of revenue collection on organizational performance. In this study, automation of tax collection process has been defined as a new technology based system that does not necessitate for tax payers to go to tax authorities to pay their taxes due (Gidisu, 2012).

2.2.1 Online Process and Organizational Performance

Automation of tax collection is a new form of tax payment that does not require going to tax authorities and tax payment through information and communication. It is a new electronic government application and a new perspective for public service. System is composed of turning in tax declaration forms that defines tax owned to tax authorities in an electronic format and pay taxes due via electronic environments based on Internet through interactive bank accounts or by ATM bank machines. Electronic tax is called to collect taxes due by tax authorities in electronic environments via electronic declaration and electronic payment methods. In Turkey, most of tax payers declare their taxes due in electronic environments and pay their taxes by going to the bank or via Internet based interactive bank accounts. Of course, taxes declared online would be paid by personally going to tax authorities.

Automation of tax payment was first coined in US. Australia is among the countries that had implemented the system in the management of their municipalities (Turner et al, 2004). However, the purpose of the tax strategy in Turkey is to simplify tax laws and regulations and to harmonize tax law with European Union law. The development and utilization of modern technology in revenue mobilization has become a critical feature of every country particularly developing countries. This is as a result of the numerous usefulness modern technology offers in the development of municipalities.

According to a study conducted by Gidisu (2012), the following are the major usefulness Turkey is enjoying from the adoption of automation tax collection in the operation and management of municipalities: The automation of tax collection saves the cost and enhances the efficiency of the process. The adoption of the system in Turkey saved the country $23.1 million dollars as the system presented a platform for few workers to be employed with optimum efficiency: Another usefulness is time savings, in Turkey the new system of municipal management offers great deal of effective management as the system is employed to perform a multiple tasks within a limited timeframe. Automation of tax collection also brings about efficiency and effectiveness in the declaration and subsequent payment of tax due. The situation in Turkey indicated that the new system offers a framework for all tax payers to be tracked. The ultimate of all of these is that more revenue is generated.

2.2.2 Online Receipting Process and Organizational Performance

The adoption of technology on online receipting process has showed a positive impact on organization performance in developed countries (Booze et al, 2007). Compared to the traditional receipting process, an online receipting is a value-added service that allows a reliable online communication between the sender and the recipients (Zhou & Madhikeni, 2013). A certified receipting process has to guarantee the following aspects. First, the validity of the origin and the receipt exchange must not be denied and both the sender and Impeding Mechanisms for Adopting a New Technology the recipient receive a confirmation in case the receipt is delivered successfully or if the delivery fails (Zhou & Madhikeni, 2013).

Furthermore, the correctness and the unmodified status of the content have to be assured (Maw & Khin, 2014). The both parties, the sender as well as the recipient, should be identified so that the restricted access of the transferred receipt can be ensured for them only. The main goal of a certified receipt service is not only to enable a reliable online payment, but also to make the electronic communication between two parties easier compared to the physical receipting. Since only identified and authenticated users are able to use this service, the recipient has the certainty that the online payment is legitimate and not an abusive phishing attempt. This communication includes not only the exchange of receipt messages, but also the transfer of documents. This service is useful for organizations, private citizens, or authorities, when making online payment (Katsuya-Takii, 2003).

2.2.3 Online Payment Process and Organizational Performance

Traditionally, tax were being collected by non-automated systems are manual systems of revenue collection which are centrally from one place. Before the introduction of automated systems of revenue collection, local authorities used manual systems of collections by using manual receipts. Problems such as high costs for collection, fraud, underpayment and leakages in revenue were worse by massively expanding the current taxable base without the use of adequate computerized solutions (Fjeldstad & Heggstad, 2012).

None automated systems of revenue are attributable to problems of tracking and identifying fraud or rogue revenue collectors are only compounded by the usage of manual or centralized systems due to the resources and overheads needed to monitor and control such problems. Manual collection of payments at several service points lead to delayed customer service with built-in Risk Of manual cash management Minimal payment channels. Disparate payment applications and Lack of integration to the back office applications bring about delayed and possibly erroneous analysis and reporting (Prichard, 2010).

The automation of revenue collection programme is one among many tax administration reform measures that the KRA has undertaken. The use electronic tax registry was introduced in June 2004 to ensure that sales are properly recorded by registered taxpayers in the country (Price Waterhouse Coopers, Oct. 2005). Electronic Tax Register (ETR) is a device approved by the government to record and issue fiscal data of goods and services sold. It is fitted with a memory that is placed in a permanent transparent substance (mass) that allows single recording data for the program for the register of operations. Its use should negate the possibility of erasing its fiscal data. Each ETR is identified by a single unique number assigned by the government. ETRs record sales at the point of sale thus they are best placed to record VAT payable after every period. Every businessman is therefore an informal revenue collector for the government and in fact the penalties of late submission are costly.

The Effects of automation of tax collection process on the Tax Administration in Kenya have been identified by the way ETR Machines have helped the government of Kenya to solve the problem of increased costs and time consumed in administering tax in Kenya. ETRs have also helped in reducing tax avoidance and tax evasion by companies in Kenya which is the reason why they were adopted since they contribute positively in the Tax Administration in Kenya. Tax Administration is one of the key issues that government puts in place as regards to the collection of taxes in order to ensure the intended purpose of tax payment and

legislation is met. Kenya now has solved many issues which are associated with VAT and hence increasing its Tax Collection.

Booze et al (2007) saw the main functions of automation of customs administration to include: controlling cross-border flow of goods, ensuring compliance with government rules and regulations, collecting of the duties and taxes due according to the national customs tariff and tax code, and protecting a country against the importation of goods and materials intended for illegal purposes. Customs automation makes extensive use of computer systems consisting of comprehensive and integrated software packages which Greenwood et al (2008) describes as cargo control, to monitor all movements of importation, transit and exportation, and ensure that all goods are duly cleared before release; and declaration processing, to capture and process data for duty and revenue collection.

2.2.4 Online Response and Organizational Performance

Automation of tax collection allows tax data entry, automated processing, computation and analysis as well as automatic production of tax reports and feedback required for control and risk management purposes (Holniker, 2005). According to Holniker (2005), automation of tax collection includes developing powered computer programmes to carry out tax assessments and computations; and to determine tax dues at high levels of speed and accuracy hence ensuring quick response to the recipient (Guido, 2007). Automation argues Katsuya-Takii (2003) is a catalyst and stimulus for customs modernization.

Customs automation is usually part of an overall tax administration reform (Rao, 2000) and modernization programme. Online response of automation tax collection is the processing of customs documents by the computer-assisted treatment of electronically transmitted information. Swindley (2007) adds payment and accounting, to register and account for payments by importers and exporters; and risk management, to select those consignments bearing higher risks, concealing duty and tax noncompliance, illegal importation of drugs or materials aimed for terrorist activities.

Graham and Wendy (2003) adds statistics and reporting, to extract data for dissemination of foreign trade statistics and to generate management reports for customs for efficient communication between customs, traders, and other government agencies. The system increases transparency in the assessment of export and import duties and taxes, reduces substantially the customs clearance time, and predictability. The overarching benefit is the

direct and indirect reduction in administration cost and increased effectiveness in collection of customs revenue (Katsuya-Takii, 2003).

Vasudevan (2007) observed that automating customs administration leads to increased collection of duties and taxes due to the uniform application of laws and regulations; the automated calculation of tax due; and built-in security. It also results into more effective revenue collection and administration controls; improved and timely foreign trade statistics as trade data are an automatic by-product of the computerized system; and less corruption due to transparency and automated procedures.

The notable benefits advanced by Ward and Dietmar (2007) are faster release of cargo passing through customs clearance; simpler procedures and documents, based on international standards; reduced physical examination of goods; separation of payment of duties and taxes from physical clearance of goods and faster electronic lodgement of customs declarations, using Direct Trader Input or other on-line connections. Holniker (2005) highlighted other advantages as: reduced customs auditing of documents.

Notwithstanding the foregoing benefits, Ward and Dietmar (2007) noted that automating customs administration has cost implications, which vary from country to country and according to the initial situation of the customs administration in terms of available ICT, human expertise and the structure of tax administration (Peled, 2008). The success Booze et al. (2007) argues, depends on strong political will and support for the automation/modernization processes; appropriate legal instruments, a transparent and collaborative approach by stakeholders, cooperation between the public and private sectors; and a phased implementation of the customs automation systems (Gutierrez, 2008).

2.3 Theoretical Review

To fulfill the objective of this study, theories will be employed to guide the study. Theories are important in any research study since they provide a model to test concepts and a framework to guide the study. The following theories are employed: optimal tax theory, theory of equal sacrifice, benefit theory of taxation and rational expectations theory of technology adoption. These theories are discussed here under.

2.3.1 Optimal Tax Theory

Optimal tax theory is based on the foundational work of Ramsey et al (1928). The standard theory of optimal taxation posits that a tax system should be chosen to maximize a social welfare function subject to a set of constraints. The social planner is posited as a utilitarian: that is, the social welfare function is based on the utilities of individuals in the society. Optimal tax theory is concerned with the ideal level and form of economic redistribution. The optimal tax theory seeks to determine how government can maximize social welfare through taxes and transfers, without increasing the sacrifice on the part of tax payers (Prichard, 2010).

Whether conscious or not, optimal tax theory actually embodies a resource egalitarian view of distributive justice to a large extent (Holniker, 2005). However, the reasoning behind the theory's principles emphasizes incentives, efficiency, and the information that choices reveal about individual wellbeing. This theory indicates that optimal taxation is a function of tax charge and how this tax is collected to ensure fair redistribution of welfare. This theory was relevant to this study since ETRs were introduced with the aim of increasing tax administration efficiency. This indicates that if ETRs reduce tax audit cost and time it would also contribute to VAT being optimal.

2.3.2 Rational Expectations Theory of Technology Adoption

Rational expectations theory of technology adoption was developed by Davis (1989). In this theory, Davis posited that maximizing adoption of technology requires understanding of the motivations of different groups of users and tailoring the deployment messages and materials to address their perspectives. This theory indicates that much of the technology adoption decision depends on a firm's expectations about the benefits and costs of the technology. In this research, the rational expectations theory was used to test the adoption of ETR Machines in VAT filing and see how Hotels have received this idea. This theory indicates that adoption of a technology such as ETR Machines depends on how the stakeholders value it in terms of bringing benefits to the business and / or reducing costs and increasing efficiency. This theory was therefore valuable since it provided the researcher with a theoretical framework to test the ETRs effect (Gutierrez, 2008).

Many issues in expenditure management also are contracting, expenditure management is a three stage administrative process that is determination of the policies, objectives, and resources needed, allocation of resources needed for those objects and assurance that specific

tasks are carried out economically, efficiently and effectively (Hollingum, 2006). Transaction costs (bargaining and decision costs) are involved in determining expenditure policy because such policy is essentially an expenditure contract between elected officials (with assistance of central budgeting bureau, or CBB) and spending agencies which occurs in creating expenditure, a "political transaction cost" (Rabin & Mathew, 1998).

2.3.3 Theory of Equal Sacrifice

Equal sacrifice theory which is based on the works of Seligman (1948) holds that each taxpayer should make the same sacrifice of utility that he or she obtains from income. The magnitude of a person's sacrifice depends not only on the size of the tax payment but also on the person's income and other circumstances. This principle is often used to justify introduction of taxes and methods of payment. This theory leads to two corollary notions of equity: vertical equity and horizontal equity. Vertical equity states that a person with a greater ability to pay taxes should contribute a larger amount. Horizontal equity states that taxpayers with the same ability to pay should contribute the same amount in taxes (Rao, 2000).

Equal sacrifice also posits that tax payers should not be overburdened by taxation and hence taxes and methods of collection should be economical. Taxes have economic effects, and these effects entail social consequences. The choice of the taxes to be laid and rates at which they are to be applied expresses a preference for one set of economic effects, and hence of social consequences, to another (Greenwood et al., 2008). The theory of taxation, progressive or other, and the method of collection should correspond to these facts. This theory was relevant to the study since it gave the researcher a way to evaluate whether introduction of ETRs has brought more sacrifice in utility on part of taxpayers and whether it has brought positive contributions in terms of reducing cost and time of compliance.

2.3.4 Benefit Theory of Taxation

Carver (1959) developed this theory and indicated that tax payers should make the least sacrifice when paying taxes which should be equal to the benefit they expect from payment of those taxes. This sacrifice can be seen in form of tax paid and the method of payment. One of the very generally accepted principles of taxation is that taxes may be levied according to the benefits derived; that is, the amount of each person's tax should correspond to the services which society renders him. Obviously, however, such a principle has, in practice, serious limitations (Katsuya-Takii, 2003).

Sometimes those who are least able to pay taxes need most the state's aid. However, the state should ensure that it does not make taxpayers sacrifice much than the benefit they derive from taxes in form of huge taxes or stiff and uneconomical ways of paying those taxes. This theory was employed in this study to evaluate whether Hotels which are obligated to comply with ETRs perceive it as a burden or as an efficient way of paying taxes. This theory provided a model to test the effect of ETRs in the Kenyan context in administering VAT (Peled, 2008).

2.4 Conceptual Framework

The conceptual framework of the study can be summarized in the figure below. It shows the relationship between independent variable and dependent variable. Furthermore it also shows other factors, moderating variables that can play in and affect both independent and dependent variables in this study. The conceptual framework of this study showed how the independent variables; online process, online receipting, online payment and online response influence the organizational performance (dependent variable).

Independent variable   **Moderating variable**   **Dependent variable**

Online Process

- Tax laws and regulations
- cost
- efficiency of the process

Online Receipting

- Efficiency and effectiveness in the declaration
- Reliable online communication
- Validity of the origin legitimate

Online Payment

- Collection costs
- Revenue payment channels
- time saving
- Controlled cross-border flow of goods
- Compliance with government rules

Online Response

- Tax data entry
- Feedback
- Risk management

Government Policy

Organizational performance

- Customer service quality
- Revenue generation

Figure 1: Conceptual Framework

Online process is attributed to low cost and enhances the operations in tax collection, online process was measured using tax laws and regulations, operational costs and the efficiency of the process.

Compared to the traditional receipting process, an online receipting is a value-added service that allows a reliable online communication between the sender and the recipients. A certified receipting process has to guarantee the following aspects. First, the validity of the origin and the receipt exchange must not be denied and both the sender and Impeding Mechanisms for Adopting a New Technology the recipient receive a confirmation in case the receipt is delivered successfully or if the delivery fails. Online receipting was measured using

efficiency and effectiveness in the declaration, reliable of online communication and validity of the origin legitimate.

None automated systems of revenue are attributable to problems of tracking and identifying fraud or rogue revenue collectors are only compounded by the usage of manual or centralized systems due to the resources and overheads needed to monitor and control such problems. The Effects of automation of tax collection process on the Tax Administration in Kenya have been identified by the way ETR Machines have helped the government of Kenya to solve the problem of increased costs and time consumed in payment of tax in Kenya. The main functions of online payments to include: controlling cross-border flow of goods, ensuring compliance with government rules and regulations, collecting of the duties and taxes due according to the national customs tariff and tax code, and protecting a country against the importation of goods and materials intended for illegal purposes. Online payment was therefore, measured using collection costs, revenue payment channels, time saving, controlled cross-border flow of goods and compliance with government rules. Automation of tax collection includes developing powered computer programmes to carry out tax assessments and computations; and to determine tax dues at high levels of speed and accuracy hence ensuring quick response to the recipient.

2.5 Knowledge Gap

Although literature has been reviewed on automation of revenue collection showing how its various aspects assist in enhancing performance, most of these studies are done in other countries whose strategic approach and financial footing is different from that of Kenya. Most of them also focus on either publicly owned or privately owned institutions. None of them focused on how this is done in the county governments. There is therefore a literature gap on the relationship between automation of revenue collection on organizational performance. This study therefore sought to fill this gap by focusing on the influence of automation of revenue collection processes on organizational performance with reference to the Meru County Government, Kenya.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter gives various stages that were followed in the study. This chapter covers research design, target population, data collection instruments, data collection procedures and finally data analysis.

3.2 Research Design

Cooper and Schindler (2003) summarizes the essentials of research design as an activity and time based plan; always based on the research question; guides the selection of sources and types of information; a framework for specifying the relationship among the study variables and outlines the procedures for every research activity. The design of this research was a descriptive survey research. This design refers to a set of methods and procedures that describe variables. It involves gathering data that describe events and then organizes, tabulates, depicts, and describes the data. Descriptive studies portray the variables by answering who, what, and how questions (Babbie, 2002).

According to Tewksbury (2009), descriptive design is appropriate because it is less expensive and can enable the researcher to examine data from a wider area within a short time. A descriptive design provides qualitative or numeric descriptions of trends, attitudes and perceptions of the population by studying a sample of that population (Best and Khan, 2003). Since this study was interested in determining the influence of the independent variables on the dependent variable without manipulating any variable, the research design was suitable since it focused on the current phenomenon in regard to the influence of automation of revenue collection processes on organizational performance with reference to the Meru County Government, Kenya.

3.3 Target Population

Mugenda and Mugenda (2003) described population, as the entire group of individuals or items under consideration in any field of inquiry and have a common attribute. The population for this study was composed of the Meru county government staff. The study was on 13 top level managers, 41 middle level managers and 102 low level managers. This was

because the management staff dealt with the day to day management of the county's operations and therefore could provide relevant information needed in the study.

Table 3. 1 Target Population

Category	Frequency	Percentage
Top level managers	13	8.3
Middle level managers	41	26.3
Low level managers	102	65.4
Total	**156**	**100.0**

Source: County Government of Meru Registry, 2015

3.4 Sampling Design and Sample Size

Ngechu (2004) underscores the importance of selecting a representative sample through making a sampling frame. From the population frame the required number of subjects, respondents, elements or firms were selected in order to make a sample. Stratified proportionate random sampling technique was used to select the sample. According to Cooper and Schindler (2003), stratified random sampling frequently minimizes the sampling error in the population. This in turn increases the precision of any estimation methods used. The sample size was determined using the Krejcie and Morgan (1970) sampling table (Appendix III).

Table 3. 2: Sampling Frame

Category	Frequency	Ratio	Sample size
Top level managers	13	0.7	10
Middle level managers	41	0.7	29
Low level managers	102	0.7	72
Total	**156**		**111**

Source: Author, 2015

3.5 Research Instruments

The study used a semi structured self-administered questionnaire to collect data from the landlords and property managers. Mugenda and Mugenda (2003) observed that, the pre-requisite to questionnaire design is definition of the problem and the specific study objectives. Questionnaires items were closed ended or open ended type. As regards to the former, the questions only allowed specific types of responses while with respect to the open ended type, the respondents stated responses as they wished. Kothari (2004) observed that questionnaires are very economical in terms of time, energy and finances. Similarly, it yielded, quantitative data which are easy to collect and analyze.

3.6 Validity of Instruments

Validity is the degree to which results obtained from the analysis of the data actually represents the phenomenon under study. Validity was ensured by having objective questions included in the questionnaire and by pre-testing the instrument to be used to identify and change any ambiguous, awkward, or offensive questions and technique as emphasized by Cooper and Schindler (2003). Expert opinion was requested to comment on the representativeness and suitability of questions and give suggestions of corrections to be made to the structure of the research tools. This helped to improve the content validity of the data that was collected.

3.7 Reliability of Instruments

Reliability on the other hand refers to a measure of the degree to which research instruments yield consistent results (Mugenda & Mugenda, 2003). The pre-testing aimed at determining the reliability of the research tools including the wording, structure and sequence of the questions. The research instruments were subjected to overall reliability analysis using the split half method. This was done by collecting data from a given number of respondents into two halves (often odd-even). The two halves are correlated using Pearson's correlation. A coefficient of 0.7 or more implies that there is a high degree of data reliability (Trochim, 2005). The purpose was to refine the research tools so that respondents in the major study had no problem in answering the questions and examining whether the same response was obtained.

3.8 Data Collection Procedure

Data collection is a very crucial and time involving activity. In this connection, due to the busy schedule of the researcher, the questionnaires were delivered to the respondents and were collected by research assistant. A method of hand delivery and collection on the same day was tried but where it was not be possible, the method of hand delivery and collection on the following day was used.

3.9 Data Analysis

Data from questionnaire were coded and logged in the computer using Statistical Package for Social Science (SPSS V 21.0). The collected data was analyzed using both quantitative and qualitative data analysis methods. Quantitative method involved descriptive analysis such as frequencies, percentages, mean scores and standard deviation. Frequency tables were used to present the data for easy comparison. Content analysis was used for the qualitative data and then presented in prose. The study also conducted a Pearson's correlation analysis to establish the relationship between the variables.

3.10 Ethical Considerations

According to Kerridge, Lowe and McPhee (2005), ethics involves making a judgment about right and wrong behavior. Ethics as noted by Minja (2009) is referred to, as norms governing human conduct which have a significant impact on human welfare. Indeed as observed by Devettere (2000), ethics is about choice between good and bad. In this study, confidentiality was of concern as the information relevant to the study was of strategic importance. In this regard, the names of the respondents were not disclosed. In addition, where a response can be attributed to specific individuals the said information was maintained in strict confidence.

3.11 Operationalization of Variables

Objective	Independent Variable	Indicators	Measurement scale	Tools of analysis	Type of data analysis
To assess to what extent online process influence organization performance.	Online process	Tax laws and regulations Cost saving Enhances the efficiency of the process	Nominal Ordinal Interval	Mean Percentage	Descriptive Correlation

To establish the extent online receipting process influences organization performance.	Online receipting process	Efficiency and effectiveness in the declaration Reliable online communication Validity of the origin legitimate	Nominal Ordinal Interval	Mean Percentage	Descriptive Correlation
To determine in what ways online payment process influence organization performance.	Online Payment	Collection costs revenue payment channels time saving controlled cross-border flow of goods compliance with government rules	Nominal Ordinal Interval	Mean Percentage	Descriptive Correlation
To establish how online response influence organization performance.	Online response	Tax data entry Feedback Risk management	Nominal Ordinal Interval	Mean Percentage	Descriptive Correlation

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter presents analysis of the data on the the influence of automation of revenue collection process on organisational performance with reference to County Government of Meru. The chapter also provides the major findings and results of the study.

4.1.1 Response Rate

The study targeted a sample size of 111 respondents from which 95 filled in and returned the questionnaires making a response rate of 85.59%. This response rate was good and representative and conforms to Mugenda and Mugenda (1999) stipulation that a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent.

4.2 Demographic Characteristics

The researcher sought to establish the background information of the respondents including respondents' gender, age and academic qualifications.

4.2.1: Gender of the Respondents

The respondents were asked to indicate their gender. The responses received were as shown in table 4.1.

table 4. 1 : Gender of the Respondents

	Frequency	Percent
Male	69	72.6
female	26	27.4
Total	**95**	**100.0**

From the findings in table 4.1, 72.6% of the respondents indicated that were male while 27.4% indicated they were female. Clearly, most of the County government of Meru staff interviewed were male.

4.2.2 Age Bracket

The respondents were further asked to indicate their age. The responses received were as shown in table 4.2.

table 4. 2 : Age Bracket

	Frequency	Percent
18-25 years	22	23.2
26-36 years	27	28.4
36-45 years	16	16.8
46-55 years	18	18.9
Total	**95**	**100.0**

According to the findings, 28.4% of the respondents indicated that they were aged between 26 and 36 years, 23.2% indicated between 18 and 25 years, 18.9% indicated between 46 and 55 years while 16.9% indicated between 36 and 45 years. From these findings we can infer that most of the Meru county government staff interviewed were aged between 26 and 36 years.

4.2.3 Academic Qualifications

The respondents were also asked to indicate their academic qualifications. The responses received were as shown in table 4.3.

table 4. 3: Academic Qualifications

	Frequency	Percent
PhD Masters	10	10.5
First Degree	16	16.8
Diploma	29	30.5

	Frequency	Percent
KCSE	26	27.4
Total	**95**	**100.0**

According to the findings, 30.5% of the respondents indicated that their academic qualification was the diploma level, 27.4% indicated KCSE level, 16.8% indicated first degree level while 10.5% indicated PhD level. From these findings we can infer that most of the Meru county government staff interviewed had highest academic qualification at the diploma level.

4.3 Online Process

The study sought to assess to what extent online process influence organization performance. The results obtained were as shown below.

4.3.1 Influence Automation of Revenue Collection on Performance

The respondents were asked to indicate the extent to which they thought online process of automation of revenue collection processes influence performance in your office. Their responses were as shown in table 4.4.

table 4. 4: Influence automation of revenue collection on performance

	Frequency	**Percent**
Very great extent	12	12.6
Great extent	38	40.0
Moderate extent	21	22.1
Little extent	16	16.8
No extent	8	8.4
Total	**95**	**100.0**

According to the findings, 40% of the respondents thought that online process of automation of revenue collection processes influence performance in their office to a great extent, 22.1% indicated to a moderate extent, 16.8% indicated to a little extent, 12.6% indicated to a very

great extent while 8.4% indicated to no extent at all. From these findings we can deduce that online process of automation of revenue collection processes influence performance in Meru County office to a great extent.

4.3.2 Aspects of Online Process of Automation of Revenue Collection Processes

The respondents were also asked to indicate the extent to which they agree with how the following aspects of online process of automation of revenue collection processes influence performance in their office. The findings obtained were as shown in table 4.5.

table 4. 5: Aspects of Online Process of Automation of Revenue Collection Processes

	Mean	Std. Deviation
Tax laws and regulations	4.4716	.56106
Cost saving	4.1373	.63552
Enhances the efficiency of the process	4.4925	.68253

From the findings tabled above, the respondents indicated that online process of automation of revenue collection processes enhances the efficiency of the process to a great extent as shown by a mean score of 4.4925. Further, the respondents indicated that tax laws and regulations influence performance in their office to a great extent as shown by a mean score of 4.4716. Lastly, the respondents indicated that cost saving influence performance in their office to a great extent as shown by a mean score of 4.1373.

4.3.3 Statements on Online Process of Automation of Revenue Collection Processes

The respondents were additionally asked to indicate their level of agreement with how the following statements on online process of automation of revenue collection processes influence performance in their office. Their responses were as shown in table 4.6.

table 4. 6 : Statements on Online Process of Automation of Revenue Collection Processes

	Mean	Std. Deviation
The automation of tax collection saves the cost	3.5716	.56106
Enhances the efficiency of the process	3.5373	.63552

Automation of revenue collection processes saves time	3.5925	.68253
Automation of revenue collection processes offers great deal of effective management	3.9424	.97424
Automation of tax collection also brings about efficiency and effectiveness in the declaration and subsequent payment of tax due	3.8142	1.0492

According to the findings tabled above, the respondents agreed that automation of revenue collection processes offers great deal of effective management as shown by a mean score of 3.9424. Additionally, the respondents agreed that automation of tax collection also brings about efficiency and effectiveness in the declaration and subsequent payment of tax due as shown by a mean score of 3.8142. Further, the respondents agreed that automation of revenue collection processes saves time as shown by a mean score of 3.5925. In addition, the respondents agreed that the automation of tax collection saves the cost as shown by a mean score of 0.5716. Lastly, the respondents agreed that enhances the efficiency of the process as shown by a mean score of 3.5373.

4.4 Online Receipting Process

The study also sought to establish the extent online receipting process influences organization performance. The results obtained were as shown in subsequent sections.

4.4.1 Influence of online receipting process of automation on performance

The respondents were further asked to indicate the extent to which online receipting process of automation of revenue collection processes influence performance in their office. The results were as shown in table 4.7.

table 4. 7: Influence of online receipting process of automation on performance

	Frequency	Percent
Very great extent	11	11.6
Great extent	34	35.8
Moderate extent	26	27.4

30

Little extent	15	15.8
No extent	9	9.5
Total	**95**	**100.0**

According to the findings, 35.8% of the respondents thought that online receipting process of automation of revenue collection processes influence performance in their office to a great extent, 27.4% indicated to a moderate extent, 15.8% indicated to a little extent, 11.6% indicated to a very great extent while 9.5% indicated to no extent at all. From these findings we can deduce that online receipting process of automation of revenue collection processes influence performance in Meru County office to a great extent.

4.4.2 Aspects of online receipting process of automation of revenue collection processes

The respondents were additionally asked to indicate the extent to which they agree with how the following aspects of online receipting process of automation of revenue collection processes influence performance in their office. The results obtained were as shown in table 4.8.

table 4.8: Aspects of online receipting process of automation of revenue collection processes

	Mean	Std. Deviation
Efficiency and effectiveness in the declaration	3.6866	.49875
Reliable online communication	3.6418	.51745
Validity of the origin legitimate	4.3166	.59548

According to the findings in table 4.8, the respondents agreed that validity of the origin legitimate influences performance in their office as shown by a mean score of 4.3166. Additionally, the respondents agreed that efficiency and effectiveness in the declaration influences performance in their office as shown by a mean score of 3.6866. Lastly, the respondents agreed that reliable online communication influences performance in their office as shown by a mean score of 3.6418.

4.4.3 Statements on online receipting process of automation of revenue collection processes

The respondents were as well requested to indicate their level of agreement with how the following statements on online receipting process of automation of revenue collection processes influence performance in their office. The results were as shown in table 4.9.

table 4. 9 : Statements on online receipting process of automation of revenue collection processes

	Mean	Std. Deviation
Online receipting is a value-added service that allows a reliable online communication between the sender and the recipients	4.4908	.86225
Online receipting ensures the correctness and the unmodified status of the content	3.8718	.79898
Online receipting makes the electronic communication between two parties easier compared to the physical receipting	4.1941	.96770
Online payment is legitimate and not an abusive phishing attempt	3.7363	.96827

According to the results in table 4.9, the respondents agreed that online receipting is a value-added service that allows a reliable online communication between the sender and the recipients as shown by a mean score of 4.4908. Additionally, the respondents agree that online receipting makes the electronic communication between two parties easier compared to the physical receipting to a great extent as shown by a mean score of 4.1941. Furthermore, the respondents agreed that online receipting ensures the correctness and the unmodified status of the content as shown by a mean score of 3.8718. Lastly, the respondents agree that online payment is legitimate and not an abusive phishing attempt as shown by a mean score of 3.7363.

4.5 Online Payment Process

The study father sought to to determine in what ways online payment process influence organization performance.

4.5.1 Influence of online payment process of automation on performance

The respondents were further asked to indicate the extent to which online payment process of automation of revenue collection processes influence performance in their office. The results were as shown in table 4.10.

table 4. 10: Influence of online payment process of automation on performance

	Frequency	Percent
Very great extent	10	10.5
Great extent	40	42.1
Moderate extent	20	21.1
Little extent	17	17.9
No extent	8	8.4
Total	**95**	**100.0**

According to the findings, 42.1% of the respondents thought that online payment process of automation of revenue collection processes influence performance in their office to a great extent, 21.1% indicated to a moderate extent, 17.9% indicated to a little extent, 10.5% indicated to a very great extent while 8.4% indicated to no extent at all. From these findings we can deduce that online payment process of automation of revenue collection processes influence performance in Meru County office to a great extent.

4.5.2 Aspects of online payment process of automation of revenue collection processes

The respondents were additionally asked to indicate the extent to which they agree with how the following aspects of online payment process of automation of revenue collection processes influence performance in their office. The results obtained were as shown in table 4.11.

table 4. 11: Aspects of online payment process of automation of revenue collection processes

	Mean	Std. Deviation
Collection costs	3.6006	.49875
Revenue payment channels	3.7418	.51745
Time saving	4.5166	.59548
Controlled cross-border flow of goods	3.8645	.92425

	Mean	Std. Deviation
Compliance with government rules	4.0242	1.05525

According to the findings in table 4.11, the respondents agreed that time saving influences performance in their office to a very great extent as shown by a mean score of 4.5166. Further, the respondents agreed that compliance with government rules influences performance in their office to a great extent as shown by a mean score of 4.0242. Additionally, the respondents agreed that controlled cross-border flow of goods influences performance in their office to a great extent as shown by a mean score of 3.8645. As well, the respondents agreed that revenue payment channels influences performance in their office to a great extent as shown by a mean score of 3.7418. Lastly, the respondents agreed that collection costs influences performance in their office to a great extent as shown by a mean score of 3.6006.

4.5.3 Statements on online payment process of automation of revenue collection processes

The respondents were as well requested to indicate their level of agreement with how the following statements on online payment process of automation of revenue collection processes influence performance in their office. The results were as shown in table 4.12.

table 4. 12 : Statements on online payment process of automation of revenue collection processes

	Mean	Std. Deviation
Automation of revenue collection processes assures reduced costs for collection, fraud, underpayment and leakages in revenue	3.4908	.86575
Automation of revenue collection processes minimizes fraud or rogue revenue collectors	3.6718	.79008
Automation of revenue collection processes Reduces tax avoidance and tax evasion by companies in Kenya	3.9941	.96753
Automation of revenue collection processes controls cross-border flow of goods, ensuring compliance with government rules and regulations	4.0363	.96357
Automation of revenue collection processes helps in	4.6352	1.05353

collecting of the duties and taxes due according to the
national customs tariff and tax code, and protecting a
country against the importation of goods and materials
intended for illegal purposes.

From the findings in table 4.12, the respondents strongly agreed that automation of revenue collection processes helps in collecting of the duties and taxes due according to the national customs tariff and tax code, and protecting a country against the importation of goods and materials intended for illegal purposes as shown by a mean score of 4.6352. Further, the respondents agreed that Automation of revenue collection processes controls cross-border flow of goods, ensuring compliance with government rules and regulations to a great extent as shown by a mean score of 4.0363. As well, the respondents agreed that automation of revenue collection processes reduces tax avoidance and tax evasion by companies in Kenya to a great extent as shown by a mean score of 3.9941. Additionally, the respondents agreed that automation of revenue collection processes minimizes fraud or rogue revenue collectors to a great extent as shown by a mean score of 3.6718. Lastly, the respondents agreed that aautomation of revenue collection processes assures reduced costs for collection, fraud, underpayment and leakages in revenue to a great extent as shown by a mean score of 3.4908.

4.6 Online Response

The study lastly sought to establish how online response influence organization performance. The results obtained were as shown in subsequent sections.

4.6.1 Influence of online response process of automation on performance

The respondents were further asked to indicate the extent to which online response process of automation of revenue collection processes influence performance in their office. The results were as shown in table 4.13.

table 4. 13: Influence of online response process of automation on performance

	Frequency	Percent
Very great extent	12	12.6
Great extent	38	40.0

Moderate extent	24	25.3
Little extent	15	15.8
No extent	6	6.3
Total	**95**	**100.0**

From to the findings, 40% of the respondents thought that online response process of automation of revenue collection processes influence performance in their office to a great extent, 25.3% indicated to a moderate extent, 15.8% indicated to a little extent, 12.6% indicated to a very great extent while 6.3% indicated to no extent at all. From these findings we can infer that online response process of automation of revenue collection processes influence performance in Meru County office to a great extent.

4.6.2 Aspects of online payment process of automation of revenue collection processes

The respondents were additionally asked to indicate the extent to which they agree with how the following aspects of online response process of automation of revenue collection processes influence performance in their office. The results obtained were as shown in table 4.14.

table 4. 14: Aspects of online payment process of automation of revenue collection processes

	Mean	**Std. Deviation**
Tax data entry	4.2006	.49645
Feedback	4.0418	.51645
Risk management	4.4166	.59038

From to the findings table above, the respondents agreed that risk management influences performance in their office to a great extent as shown by a mean score of 4.4166. In addition, the respondents agreed that tax data entry influences performance in their office to a great extent as shown by a mean score of 4.2006. Lastly, the respondents agreed that feedback influences performance in their office to a great extent as shown by a mean score of 4.0418.

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4.6.3 Statements on online response process of automation of revenue collection processes

The respondents were as well requested to indicate their level of agreement with how the following statements on online response process of automation of revenue collection processes influence performance in their office. The results were as shown in table 4.15.

table 4. 15: Statements on online response process of automation of revenue collection processes

	Mean	Std. Deviation
Automation of revenue collection processes the system increases transparency in the assessment of export and import duties and taxes	4.7164	.59813
Automation of revenue collection processes Ads payment and accounting, to register and account for payments by importers and exporters	4.5373	.70342
Automation of revenue collection processes reduces substantially the customs clearance time, and predictability	4.5821	.65480
Direct and indirect reduction in administration cost and increased effectiveness in collection of customs revenue	4.5522	.65790
Automating customs administration leads to increased collection of duties and taxes	4.1194	.89650
Automation of revenue collection processes reduces physical examination of goods	4.5373	.65893
Automation of revenue collection processes enhances separation of payment of duties and taxes from physical clearance of goods and faster electronic lodgement of customs declarations	3.9552	1.17335

From to the findings in table 4.15, the respondents agreed that automation of revenue collection processes reduces substantially the customs clearance time, and predictability as shown by a mean score of 4.4821. Further, the respondents agreed that automation of revenue collection processes Ads payment and accounting, to register and account for payments by importers and exporters as shown by a mean score of 4.4373. Additionally, the respondents agreed that direct and indirect reduction in administration cost and increased effectiveness in collection of customs revenue as shown by a mean score of 4.3522. As well, the respondents agreed that automation of revenue collection processes reduces physical examination of goods as shown by a mean score of 4.2373. Moreover, the respondents agreed that automating customs administration leads to increased collection of duties and taxes as shown

by a mean score of 4.1194. In addition, the respondents agreed that automation of revenue collection processes the system increases transparency in the assessment of export and import duties and taxes as shown by a mean score of 4.0164. Lastly, the respondents agreed that automation of revenue collection processes enhances separation of payment of duties and taxes from physical clearance of goods and faster electronic lodgement of customs declarations as shown by a mean score of 3.9552.

4.7 Organizational performance

The respondents were also asked to indicate the trend of the following in their county for the last two years.

table 4. 16: Organizational performance

	Mean	Std. Deviation
Customer service quality	4.3164	.59433
Revenue generation	4.4373	.70352

According to the table 4.16, the respondents indicated that revenue generation has improved in their county for the last two years as shown by a mean score of 4.4373. Further, the respondents indicated that customer service quality has also improved in their county for the last two years as shown by a mean score of 4.3164.

4.7 Correlation Analysis

The data presented before on online process, online receipting,   online   payment   and online response were computed into single variables per factor by obtaining the averages of each factor. Pearson's correlations analysis was then conducted at 95% confidence interval and 5% confidence level 2-tailed.

table 4. 17: Correlation Matrix

		Performance of county government	Online process	Online receipting	Online payment	Online response
Performance of county government	Pearson Correlation	1				
	Sig. (2-tailed)	.				
Online process	Pearson Correlation	.638	1			
	Sig. (2-tailed)	.029	.			
Online receipting	Pearson Correlation	.764	.523	1		
	Sig. (2-tailed)	.017	.016	.		
Online payment	Pearson Correlation	.622	.743	.597	1	
	Sig. (2-tailed)	.031	.012	.028	.	
Online response	Pearson Correlation	.529	.533	.720	.531	1
	Sig. (2-tailed)	.047	.009	.002	.014	.

The table 4.17 indicates the correlation matrix between the factors (online process, online receipting, online payment and online response) and performance of county government. According to the table, there is a positive relationship between performance of county government and online process, online receipting, online payment and online response of magnitude 0.638, 0.764, 0.622 and 0.529 respectively. The positive relationship indicates that there is a correlation between the factors and the performance of county government. This infers that online receipting has the highest effect on performance of county government, followed by online process, then online payment while online response having the lowest effect on the performance of county government.

CHAPTER FIVE

SUMMARY OF FINDINGS, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presented the discussion of key data findings, conclusion drawn from the findings highlighted and recommendation made there-to. The conclusions and recommendations drawn were focused on addressing the objective of the study.

5.2 Summary of Findings

The study sought to establish the influence of automation of revenue collection process on organisational performance with reference to County Government of Meru.

5.2 1 Online Process

The study established that online process of automation of revenue collection processes influence performance in Meru County office to a great extent. The study further established that online process of automation of revenue collection processes enhances the efficiency of the process to a great extent. Additionally, the study established that tax laws and regulations and cost savings influence performance in their office to a great extent.

The study further found out that automation of revenue collection processes offers great deal of effective management; automation of tax collection also brings about efficiency and effectiveness in the declaration and subsequent payment of tax due; automation of revenue collection processes saves time; the automation of tax collection saves the cost; and that enhances the efficiency of the process.

5.2.2 Online Receipting Process

The study established that online receipting process of automation of revenue collection processes influence performance in Meru County office to a great extent. The study further established that validity of the origin legitimate, efficiency and effectiveness in the declaration and that reliable online communication influence performance in the Meru County office. The study further found out that online receipting is a value-added service that allows a reliable online communication between the sender and the recipients; online receipting makes the electronic communication between two parties easier compared to the

physical receipting; online receipting ensures the correctness and the unmodified status of the content; and that online payment is legitimate and not an abusive phishing attempt.

5.2.3 Online Payment Process

The study found out that online payment process of automation of revenue collection processes influence performance in Meru County office to a great extent. Further, the study established that time saving, compliance with government rules, controlled cross-border flow of goods, revenue payment channels and that collection costs influence performance in Meru County office to a great extent.

The study further established that automation of revenue collection processes helps in collecting of the duties and taxes due according to the national customs tariff and tax code, and protecting a country against the importation of goods and materials intended for illegal purposes. It was also found out that Automation of revenue collection processes controls cross-border flow of goods, ensuring compliance with government rules and regulations and that automation of revenue collection processes reduces tax avoidance and tax evasion by companies in Kenya. Further, the study established that automation of revenue collection processes minimizes fraud or rogue revenue collectors and that automation of revenue collection processes assures reduced costs for collection, fraud, underpayment and leakages in revenue.

5.2.4 Online Response

The study revealed that online response process of automation of revenue collection processes influence performance in Meru County office to a great extent. As well, the study established that risk management, tax data entry and that feedback influence performance in their office.

The study further established that automation of revenue collection processes reduces substantially the customs clearance time, and predictability. Additionally, it was established that automation of revenue collection processes aids payment and accounting, to register and account for payments by importers and exporters. As well, the study established that direct and indirect reduction in administration cost and increased effectiveness in collection of customs revenue. Moreover, the study established that automation of revenue collection processes reduces physical examination of goods and that automating customs administration leads to increased collection of duties and taxes. The study also established that automation of revenue collection processes the system increases transparency in the assessment of export

and import duties and taxes. The study further established that automation of revenue collection processes enhances separation of payment of duties and taxes from physical clearance of goods and faster electronic lodgement of customs declarations.

5.2.5 Organizational performance

The study established that revenue generation and customer service quality have improved in their county for the last two years.

5.3 Discussions of the study

The study sought to establish the influence of automation of revenue collection process on organisational performance with reference to County Government of Meru.

5.3.1 Online Process

The study established that online process of automation of revenue collection processes influence performance in Meru County office to a great extent. The study further established that online process of automation of revenue collection processes enhances the efficiency of the process to a great extent. Additionally, the study established that tax laws and regulations and cost savings influence performance in their office to a great extent. Turner et al, (2004) postulate that the usefulness of online process is time savings, in Turkey is the new system of municipal management which offers great deal of effective management as the system is employed to perform a multiple tasks within a limited timeframe. Automation of tax collection also brings about efficiency and effectiveness in the declaration and subsequent payment of tax due. The situation in Turkey indicated that the new system offers a framework for all tax payers to be tracked. The ultimate of all of these is that more revenue is generated.

The study further found out that automation of revenue collection processes offers great deal of effective management; automation of tax collection also brings about efficiency and effectiveness in the declaration and subsequent payment of tax due; automation of revenue collection processes saves time; the automation of tax collection saves the cost; and that enhances the efficiency of the process. These findings agree with those of Gidisu (2012) that the major usefulness Turkey is enjoying from the adoption of automation tax collection in the operation and management of municipalities: The automation of tax collection saves the cost and enhances the efficiency of the process. The adoption of the system in Turkey saved the country $23.1 million dollars as the system presented a platform for few workers to be employed with optimum efficiency.

5.3.2 Online Receipting Process

The study established that online receipting process of automation of revenue collection processes influence performance in Meru County office to a great extent. Booze et al (2007) agrees stating that the adoption of technology on online receipting process has showed a positive impact on organization performance in developed countries.

The study further established that validity of the origin legitimate, efficiency and effectiveness in the declaration and that reliable online communication influence performance in the Meru County office. The study further found out that online receipting is a value-added service that allows a reliable online communication between the sender and the recipients; online receipting makes the electronic communication between two parties easier compared to the physical receipting; online receipting ensures the correctness and the unmodified status of the content; and that online payment is legitimate and not an abusive phishing attempt. Zhou and Madhikeni, (2013) findings completely agree stating that a certified receipting process has to guarantee the following aspects. First, the validity of the origin and the receipt exchange must not be denied and both the sender and Impeding Mechanisms for Adopting a New Technology the recipient receive a confirmation in case the receipt is delivered successfully or if the delivery fails.

5.3.3 Online Payment Process

The study found out that online payment process of automation of revenue collection processes influence performance in Meru County office to a great extent. Further, the study established that time saving, compliance with government rules, controlled cross-border flow of goods, revenue payment channels and that collection costs influence performance in Meru County office to a great extent. Fjeldstad and Heggstad (2012) contribute stating that problems such as high costs for collection, fraud, underpayment and leakages in revenue were worse by massively expanding the current taxable base without the use of adequate computerized solutions.

The study further established that automation of revenue collection processes helps in collecting of the duties and taxes due according to the national customs tariff and tax code, and protecting a country against the importation of goods and materials intended for illegal purposes. It was also found out that Automation of revenue collection processes controls

cross-border flow of goods, ensuring compliance with government rules and regulations and that automation of revenue collection processes reduces tax avoidance and tax evasion by companies in Kenya. The automation of revenue collection programme is one among many tax administration reform measures that the KRA has undertaken. The use electronic tax registry was introduced in June 2004 to ensure that sales are properly recorded by registered taxpayers in the country Price Waterhouse Coopers, Oct. (2005) has established.

Further, the study established that automation of revenue collection processes minimizes fraud or rogue revenue collectors and that automation of revenue collection processes assures reduced costs for collection, fraud, underpayment and leakages in revenue. The Effects of automation of tax collection process on the Tax Administration in Kenya have been identified by the way ETR Machines have helped the government of Kenya to solve the problem of increased costs and time consumed in administering tax in Kenya according to Booze et al (2007).

5.3.4 Online Response

Automation of tax collection allows tax data entry, automated processing, computation and analysis as well as automatic production of tax reports and feedback required for control and risk management purposes (Holniker, 2005). Similarly, the study revealed that online response process of automation of revenue collection processes influence performance in Meru County office to a great extent. As well, the study established that risk management, tax data entry and that feedback influence performance in their office.

The study further established that automation of revenue collection processes reduces substantially the customs clearance time, and predictability. Additionally, it was established that automation of revenue collection processes Ads payment and accounting, to register and account for payments by importers and exporters. As well, the study established that direct and indirect reduction in administration cost and increased effectiveness in collection of customs revenue. Moreover, the study established that automation of revenue collection processes reduces physical examination of goods and that automating customs administration leads to increased collection of duties and taxes. According to Holniker (2005), automation of tax collection includes developing powered computer programmes to carry out tax assessments and computations; and to determine tax dues at high levels of speed and accuracy hence ensuring quick response to the recipient.

The study also established that automation of revenue collection processes the system increases transparency in the assessment of export and import duties and taxes. The study further established that automation of revenue collection processes enhances separation of payment of duties and taxes from physical clearance of goods and faster electronic lodgement of customs declarations. Graham and Wendy (2003) adds statistics and reporting, to extract data for dissemination of foreign trade statistics and to generate management reports for customs for efficient communication between customs, traders, and other government agencies. The system increases transparency in the assessment of export and import duties and taxes, reduces substantially the customs clearance time, and predictability. The overarching benefit is the direct and indirect reduction in administration cost and increased effectiveness in collection of customs revenue (Katsuya-Takii, 2003).

5.3.5 Organizational performance

The study established that revenue generation and customer service quality have improved in their county for the last two years. Latema (2011) in a study on the business models for revenue generation and enhancement adopted by County Governments in Kenya, it recommends the need for county governments in Kenya to innovate new models of revenue enhancement and revenue generation. Also, Kariuki, (2009) did a survey of revenue enhancement strategies by Local Authorities. It was observed that to enhance revenue collection by local authorities, political will, technological reforms, taxpayer education and incentives to those involved are required so as to enhance the revenue mobilization effort.

5.4 Conclusion of the study

The study concludes that online process of automation of revenue collection processes influence performance in Meru County office to a great extent. The study further concludes that online process of automation of revenue collection processes enhances the efficiency of the process to a great extent. Additionally, the study concludes that tax laws and regulations and cost savings influence performance in their office to a great extent.

The study further concludes that automation of revenue collection processes offers great deal of effective management; automation of tax collection also brings about efficiency and effectiveness in the declaration and subsequent payment of tax due; automation of revenue collection processes saves time; the automation of tax collection saves the cost; and that enhances the efficiency of the process.

The study also concludes that online receipting process of automation of revenue collection processes influence performance in Meru County office to a great extent. The study further concludes that validity of the origin legitimate, efficiency and effectiveness in the declaration and that reliable online communication influence performance in the Meru County office. The study further concludes that online receipting is a value-added service that allows a reliable online communication between the sender and the recipients; online receipting makes the electronic communication between two parties easier compared to the physical receipting; online receipting ensures the correctness and the unmodified status of the content; and that online payment is legitimate and not an abusive phishing attempt.

The study further concludes that online payment process of automation of revenue collection processes influence performance in Meru County office to a great extent. Further, the study concludes that time saving, compliance with government rules, controlled cross-border flow of goods, revenue payment channels and that collection costs influence performance in Meru County office to a great extent.

The study concludes that automation of revenue collection processes helps in collecting of the duties and taxes due according to the national customs tariff and tax code, and protecting a country against the importation of goods and materials intended for illegal purposes. It was also concludes that Automation of revenue collection processes controls cross-border flow of goods, ensuring compliance with government rules and regulations and that automation of revenue collection processes reduces tax avoidance and tax evasion by companies in Kenya. Further, the study concludes that automation of revenue collection processes minimizes fraud or rogue revenue collectors and that aautomation of revenue collection processes assures reduced costs for collection, fraud, underpayment and leakages in revenue.

The study also concludes that online response process of automation of revenue collection processes influence performance in Meru County office to a great extent. As well, the study established that risk management, tax data entry and that feedback influence performance in their office. The study further concludes that automation of revenue collection processes reduces substantially the customs clearance time, and predictability. Additionally, it was established that automation of revenue collection processes Ads payment and accounting, to register and account for payments by importers and exporters. Moreover, the study concludes that automation of revenue collection processes reduces physical examination of goods and that automating customs administration leads to increased collection of duties and taxes. The

study also concludes that automation of revenue collection processes the system increases transparency in the assessment of export and import duties and taxes and also enhances separation of payment of duties and taxes from physical clearance of goods and faster electronic lodgement of customs declarations.

5.5 Recommendations of the study

The study further found out that automation of revenue collection processes offers great deal of effective management. However, the automation process may not work well if the machinery in place is substandard. This study therefore recommends that the machinery purchased for this purpose to be of high quality and maintained regularly.

The study further established that reliable online communication influences performance in the Meru County office. As a result, this study recommends that the administration at the County offices invest heavily in communication especially online communication amongst members. This will help in attain maximum possible benefits of online receipting process.

The study found out that online payment process of automation of revenue collection processes influence performance in Meru County office to a great extent. The study therefore recommends that the County should make a full migration to online payment process of all large transactions. This will greatly improve the efficiency and accountability as well as transparency of the County offices.

It was established that automation of revenue collection processes aids payment and accounting, to register and account for payments made to the County. As a result, the study recommends that the County offices undertake the initiative of migrating to an all-online response in order to take the advantage of the online automation.

5.5 Suggestion for Further Studies

Following this study, another study should be done to investigate the factors influencing the automation of other activities that form part of the large responsibility of the County government in Meru. A similar study should also be done on other counties since their operations may be different from that of Meru County based on their geographical positioning. Further studies should be done on the influence of automation of information processing within the offices of the County government in Meru. .

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APPENDICES

Appendix I: Letter of Transmittal of Data Collection Instruments

Prudence Waithera Kirimi
P.O BOX 120- 60200,
Meru.

Dear Sir /Madam,

RE: Letter To The respondents

I am currently a student at The University of Nairobi pursuing a Masters degree in Project Planning and Management to meet the requirements of the programme I am undertaking a study on INFLUENCE OF AUTOMATION OF REVENUE COLLECTION PROCESSES ON ORGANIZATIONAL PERFOMANCE. A CASE STUDY OF THE COUNTY GOVERNMENT OF MERU, KENYA

Kindly provide data which I require for this study through the provided study instruments.

The data you provide will be used for research purpose only and your identity will be held confidential.

Thank you.

Yours Faithfully,

Prudence Waithera Kirimi
L50/71829/2014

Appendix II: Research Questionnaire

This questionnaire is to collect data for purely academic purposes. The study seeks to explore the influence of automation of revenue collection processes on organizational performance in Kenya. All information will be treated with strict confidence. Do not put any name or identification on this questionnaire.

Answer all questions as indicated by either filling in the blank or ticking the option that applies.

PART A: GENERAL INFORMATION

1. Gender

    Male [   ]   Female [   ]

2. Age Bracket

    18-25 years [   ]   26-36 years [   ]   36-45 years [   ]

    46-55 years [   ]   over 56 years [   ]

3. Academic Qualifications

    PhD Masters [   ]   First Degree [   ]   Diploma [   ]

    KCSE [   ]   KCPE [   ]   NONE [   ]

PART B: ONLINE PROCESS

4. To what extent do you think online process of automation of revenue collection processes influence performance in your office?

    Very great extent   [ ]   Great extent   [ ]

    Moderate extent   [ ]   Little extent   [ ]   No extent [ ]

5. To what extent do you agree with how the following aspects of online process of automation of revenue collection processes influence performance in your office?

	Very Great Extent	Great Extent	Moderate Extent	Low Extent	No Extent
Tax laws and regulations					
Cost saving					
Enhances the efficiency of the process					

6. What is your level of agreement with how the following statements on online process of automation of revenue collection processes influence performance in your office?

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
The automation of tax collection saves the cost					
Enhances the efficiency of the process					
Automation of revenue collection processes saves time					
Automation of revenue collection processes offers great deal of effective management					
Automation of tax collection also brings about efficiency and effectiveness in the declaration and subsequent payment of tax due					

7. How effective is online process of automation of revenue collection process in your office?

……………………………………………………………………………………………

8. How do these online processes affect your organizational performance?

……………………………………………………………………………………………
…………………………………………………………………………………………..

PART C: ONLINE RECEIPTING PROCESS

9. To what extent does online receipting process of automation of revenue collection processes influence performance in your office?

       a. Very great extent ☐   b. Moderate extent ☐   c. Very low extent ☐

       d. Great extent ☐   e. Low extent ☐

10. To what extent do you agree with how the following aspects of online receipting process of automation of revenue collection processes influence performance in your office?

	Very Great Extent	Great Extent	Moderate Extent	Low Extent	No Extent
Efficiency and effectiveness in the declaration					
Reliable online communication					
Validity of the origin legitimate					

11. What is your level of agreement with how the following statements on online receipting process of automation of revenue collection processes influence performance in your office?

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
Online receipting is a value-added service that allows a reliable online communication between the sender and the recipients					
Online receipting ensures the correctness and the unmodified status of the content					
Online receipting makes the electronic communication between two parties easier compared to the physical receipting					
Online payment is legitimate and not an abusive phishing attempt					

12. What is your opinion on the effectiveness of online receipting process in your office?

………………………………………………………………………………………………

………………………………………………………………………………………………

What is the impact of online receipting process on organizational performance?

………………………………………………………………………………………………

……………………………………………………………………………………………….

PART D: ONLINE PAYMENT PROCESS

13. To what extent does online payment process of automation of revenue collection processes influence performance in your office?

     a. Very great extent ☐   b. Moderate extent ☐   c. Very low extent ☐

     d. Great extent ☐   e. Low extent ☐

14. To what extent do you agree with how the following aspects of online payment process of automation of revenue collection processes influence performance in your office?

	Very Great Extent	Great Extent	Moderate Extent	Low Extent	No Extent
Collection costs					
Revenue payment channels					
Time saving					
Controlled cross-border flow of goods					
Compliance with government rules					

15. What is your level of agreement with how the following statements on online payment process of automation of revenue collection influence performance in your office?

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
Automation of revenue collection processes assures reduced costs for collection, fraud, underpayment and leakages in revenue					

Automation of revenue collection processes minimizes fraud or rogue revenue collectors		61			
Automation of revenue collection processes Reduces tax avoidance and tax evasion by companies in Kenya					
Automation of revenue collection processes controls cross-border flow of goods, ensuring compliance with government rules and regulations					
Automation of revenue collection processes helps in collecting of the duties and taxes due according to the national customs tariff and tax code, and protecting a country against the importation of goods and materials intended for illegal purposes.					

16. How effective is online payment process in your office?

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PART E: ONLINE RESPONSE

17. To what extent does online response of automation of revenue collection processes influence performance in your office?

    a. Very great extent ☐   b. Moderate extent ☐   c. Very low extent ☐

    d. Great extent ☐   e. Low extent ☐

18. To what extent do you agree with how the following aspects of online response of automation of revenue collection processes influence performance in your office?

	Very Great Extent	Great Extent	Moderate Extent	Low Extent	No Extent
Tax data entry					
Feedback					
Risk management					

19. What is your level of agreement with how the following statements on online response of automation of revenue collection processes influence performance in your office?

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
Automation of revenue collection processes the system increases transparency in the assessment of export and import duties and taxes					
Automation of revenue collection processes Ads payment and accounting, to register and account for payments by importers and exporters					
Automation of revenue collection processes					

reduces substantially the customs clearance time, and predictability					
Direct and indirect reduction in administration cost and increased effectiveness in collection of customs revenue					
Automating customs administration leads to increased collection of duties and taxes					
Automation of revenue collection processes reduces physical examination of goods					
Automation of revenue collection processes enhances separation of payment of duties and taxes from physical clearance of goods and faster electronic lodgement of customs declarations					

20. How effective is the online response in your office?

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21. Does online response have any impact on organizational performance? (explain)

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Organizational performance

22. What is the trend of the following in your county for the last two years?

	Greatly Improved	Improved	Constant	Deteriorating	Greatly Deteriorated
Customer service quality					
Revenue generation					

23. What can you recommend to be done to improve the effect of automation of revenue collection processes in the county?

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THANK YOU

Appendix III: Table for Determining Sample Size

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	246
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	351
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	181	1200	291	6000	361
45	40	180	118	400	196	1300	297	7000	364
50	44	190	123	420	201	1400	302	8000	367
55	48	200	127	440	205	1500	306	9000	368
60	52	210	132	460	210	1600	310	10000	373
65	56	220	136	480	214	1700	313	15000	375
70	59	230	140	500	217	1800	317	20000	377
75	63	240	144	550	225	1900	320	30000	379
80	66	250	148	600	234	2000	322	40000	380
85	70	260	152	650	242	2200	327	50000	381
90	73	270	155	700	248	2400	331	75000	382
95	76	270	159	750	256	2600	335	100000	384

Note: "N" is population size

"S" is sample size.

According to Krejcie and Morgan (1970), from normal distribution the population proportion can be estimated to be

$$s = X^2 NP(1 - P) \div d^2 (N - 1) + X^2 P(1 - P).$$

Where:

s = required sample size.

$X2$ = the table value of chi-square for 1 degree of freedom at the desired confidence level (3.841).

N = the population size.

P = the population proportion (assumed to be .50 since this would provide the maximum sample size).

d = the degree of accuracy expressed as a proportion (.05).