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DETERMINANTS OF REVENUE GENERATION IN COUNTY GOVERNMENTS IN KENYA; A CASE OF BUSIA COUNTY GOVERNMENT

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ABSTRACT

This study investigated the influence automation of revenue collection, revenue mapping, financial partnerships and revenue legislation on revenue generation in Busia county government, Kenya. The study was based on rational Expectations theory of technology adoption, Optimal taxation theory and Sequential theory of decentralization. The study used descriptive research design and targeted a population of 103 staff in the county government of Busia who had direct or indirect role in revenue collection and cash management from where a sample size of 82 respondents was drawn using Taro Yamane's proportional sampling technique formula. Structured questionnaires were used to collect primary data and piloting of the research instrument was done in Bungoma county government so as to ensure content validity and a Cronbach's alpha which tests internal consistency checked instrument reliability. SPSS version 24 software was used to compute statistical data; whereby collected data was cleaned, coded and transformed to allow regression analysis. Descriptive analysis such as frequencies, means, standard deviation was used to summarize data into meaningful form; whereas inferential statistics assessed the nature and strength of the correlations, direct and multiple relationships. Analyzed data was presented in tables and graphs. A total of 79 respondents out of the sampled 82 respondents returned completely filled questionnaires representing a response rate of 96.34%, thus good for generalizability of research findings to a wider population. Both descriptive and inferential statistics showed that all independent variables (automated revenue collections, revenue mapping, financial partnerships and revenue legislations) significantly influence revenue generation in Busia county government. The study concluded that; automation of revenue collection significantly improves revenue generation in county governments since the automated revenue systems minimize financial embezzlements associated with manual revenue collections, revenue mapping initiatives assist county governments identify all sources of county revenues thus boosts revenue generation in county governments. The study recommended that, county governments should purely implement automated revenue collection systems so as to minimize financial fraud related cases that are associated with manual revenue collections, county governments should engage in viable revenue mapping initiatives that help in identification of pertinent sources of county revenues.

Key Words: *Revenue Collection, Revenue Mapping, Financial Partnerships, Revenue Legislation, Automation*

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INTRODUCTION

Many reports on revenue generation in developing countries reveal a glaring weakness in the revenue and expenditure administration by local bodies for effective programme implementation. There is therefore a gap in revenue administration in the district or county assemblies which are attributed to problems relating to fragile revenue collection system due the use of outdated techniques and methods and lack of transparency in revenue expenditures (Kokor & Kroes, 2008).

There are various developments in revenue generation globally. In Turkey for instance, 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 local council tax authorities. That is, revenue collection situation in Turkey indicated that the new automated system offers a framework for all tax payers to be tracked and the ultimate of all of these is that more revenue is generated. Electronic tax payment was first coined in US and implemented in most countries and Australia is among the first countries that had implemented the system in the management of their council revenues (Turner & Apelt, 2004).

In Africa, it is reported that the issue of local revenue generation began during the era of colonial period and the success of local development depends greatly on the level of revenue raised locally. The decentralization process in Africa emphasizes on the importance and the necessity of local revenue in the administration of local councils, which therefore presents a number of ways of raising local revenue as well as numerous legislations backing the mobilization of local revenue at the local level (Oluwu & Wunsch, 2003).

According to the national treasury report (2018), county governments have varied own revenue generation or collection. For instance, annual own source revenue collection targets were largely missed in the first five years of fiscal decentralization. In 2013/14 the 47 counties achieved 48.5% of their annual own source revenue target (actual own source revenue collected as a percentage of annual target) and this increased to 67.2% in 2014/15 and 69.3% in 2015/16. However, achievement of annual own source revenue targets reduced to 56.4% in 2016/17. Although achievement increased to 66% in 2017/18, a lot remains to be done to attain the best practice of 95% to 100% (The National Treasury revenue report, 2018).

For example, on overall, only five counties – Kericho, Homa Bay, Baringo, Bomet and Nyandarua – achieved at least 70% of their annual own source revenue targets in each of the five years under review. Although Marsabit is one of the counties with the lowest own source revenue volume, it was the only county that surpassed own source revenue; Annual own source revenue targets in three out of the five years under review, achieving 104.5% in 2013/14, 204.8% in 2014/15 and 107.3% in 2016/17.26 However, in 2015/16 and 2017/18 achievement of own source revenue targets in Marsabit reduced to 86.1% and 64.1% respectively. Bungoma and Tana River realised significant improvements in target achievement. In Bungoma, target achievement increased consistently from 6.6% in 2013/14 to 90.4% in 2016/17 though it reduced to 75.9% in 2017/18. In Tana River, target achievement initially reduced from 36.7% in 2013/14 to 23.7% in 2015/16 but increased to 45.7% in 2016/17 and to 188.8% in 2017/18 (The national treasury revenue report, 2018).

Further, among the counties that were left behind, Kisii, Mandera and Garissa were not able to achieve even half of their OSR targets in any of the five years under review. In Machakos and Taita Taveta, target achievement was less than 50% in all the years except 2017/18 when Machakos reached 66.7% of its target and 2013/14 when Taita Taveta achieved 51.6% of its target. In Isiolo, target achievement was below 40% in all years except 2017/18 when it met 62.6% of its target. The reported decline in the initial gains made by Busia

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and Nyamira to realize their own source revenue targets are of concern. In Busia, target achievement reduced consistently from 97% in 2014/15 to 42.8% in 2017/18, whereas in Nyamira target achievement reduced from 94% in 2013/14 to 38.2% in 2017/18 (The National Treasury revenue report, 2018).

Therefore, low achievement of annual own source revenue targets is explained in part by poor revenue forecast and analysis that lead to unrealistic targets, as well as leakages attributed to manual collection of revenue, weak internal control systems and poor coordination of own source revenue own source revenue collection. In addition, delays in passing county finance bills and low capacity of county governments to enforce tax payment affect target achievement. Failure to achieve annual own source revenue targets leads to financing gaps or budget deficits that constrain the ability of county governments to finance their annual development plans or provide adequate service due low county revenue generation (GoK, 2017).

Statement of the problem

The promulgation of new constitution in 2010 gave birth to devolution which implied that counties would have to device appropriate revenue generation approaches, in addition to the allocation from national government, because over reliance on national government's support by county governments has stagnated development in most counties in Kenya. Today, most county governments have not been able to mobilize financial resources effectively resulting to under development and poor service delivery that do not meet citizens' expectations, with key services such as health care, water, sanitation, education, and agricultural extension services remaining dismal (Komolo, 2014).

In this regard, according to the national treasury report (2018), county governments have varied own revenue generation or collection. For instance, annual own source revenue collection targets were largely missed in the first five years of fiscal decentralization. In 2013/14 the 47 counties achieved below average of their annual own source revenue target (actual own source revenue collected as a percentage of annual target) and this increased to above average in 2015/16. However, achievement of annual own source revenue targets reduced in 2016/17 and slightly increased in 2017/18, but a lot remains to be done to attain the best practice (The National Treasury revenue report, 2018).

In this regard, low achievement of annual own source revenue targets is explained in part by poor revenue forecast and analysis that lead to unrealistic targets, as well as leakages attributed to manual collection of revenue, weak internal control systems and poor coordination of own source revenue own source revenue collection. In addition, delays in passing county finance bills and low capacity of county governments to enforce tax payment affect target achievement.

The reported decline in the initial gains made by Busia county government to realize its own source revenue targets attracted public concern. That is, in Busia, target achievement reduced consistently in 2014/15 and 2017/18 (The national treasury revenue report, 2018), thus, the need to carry out a study on determinants of revenue generation in Busia County government. Failure to achieve annual own source revenue targets leads to financing gaps or budget deficits that constrain the ability of county governments to finance their annual development plans or provide adequate service due low county revenue generation (GoK, 2017).

Therefore, this study endeavored to investigate the influence automation of revenue collection, revenue mapping, financial partnerships and revenue legislation on revenue generation in Busia County government, Kenya.

Objectives of the Study

The general objective of the study was to investigate determinants of revenue generation in Busia County Government, Kenya. The sspecific oobjectives were:-

- To determine the influence of automation of revenue collection on revenue generation in Busia County government.
- To assess the influence of revenue mapping on revenue generation in Busia County government.
- To examine the influence of financial partnerships on revenue generation in Busia County government.
- To evaluate the influence of revenue legislations on revenue generation in Busia County government.

The rresearch hhypotheses were:-

- **Ho_1;** Automation of revenue collection does not significantly influence revenue generation in Busia County government.
- **H_{02};** Revenue mapping does not significantly influence revenue generation in Busia County government.
- **H_{03}:** Financial partnerships do not significantly influence revenue generation in Busia County government.
- **H_{04}:** Revenue legislations do not significantly influence revenue generation in Busia County government.

LITERATURE REVIEW

Sequential Theory of Decentralization

This theory was initially proposed by Falleti (2004) who stated that decentralization is a set of state developments. Consequently, decentralization does not comprise transfers of authority to non-state players. Lastly, as defined here, decentralization reforms can take place in controlling as well as independent frameworks, which means that the theories of decentralization and democratization should not be diverged. Falleti (2004) categorizes decentralization policies into three categories: administrative, fiscal, resource and political contingent on the nature of power decentralized.

Governmental decentralization encompasses the set of policies that transfer the management and provision of social services such as education, health, social well-being, or housing to lower levels of governments. Authoritative decentralization may involve the devolution of basic leadership power over these arrangements, yet this is not a fundamental condition. On the off chance that sub-national governments bear the expenses of the organization and conveyance of transferred services with their own prior incomes, authoritative decentralization is not supported financially Falleti (2004), thus the need to raise own source revenues to fund expenditures.

Optimal Taxation Theory

First, the standard theory of optimal taxation argues that a tax framework ought to be chosen based on a social welfare capacity subject to an arrangement of requirements and optimal taxation commonly regards the social planner as utilitarian, that is, the social welfare capacity depends on the utilities of people in the general public. Thus, the social planner thinks exclusively about normal utility, suggesting a social welfare work that is straight in individual utilities (Mankiw, Weinzierl &Yagan, 2009). If the social planner is permitted to be unconstrained in picking a tax framework, then the issue of optimal taxation turns out to be too simple: the optimal tax is just a singular amount tax. All things considered, if the economy is portrayed by a representative purchaser, that buyer is going to pay the whole tax bill of the administration in some structure. Missing any market defect, for example, a prior externality, it is best not to misshape the decisions of that purchaser by any stretch of the imagination. A singular amount tax achieves precisely what the social planner needs (Lederman & Sichelman, 2013).

As indicated by Hebert (2014) the social planner needs to grasp heterogeneity in taxpayers' capacity to pay. In the event that the planner could watch contrasts among taxpayers in inherent capacity, the planner could again depend on single amount taxes, however now those singular amount taxes would be dependent upon capacity. These taxes would not rely on upon any decision an individual makes, so it would not misshape motivating forces, and the

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planner could accomplish balance with no proficiency costs.

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. The rational expectations theory was used to test the adoption of ETR Machines in VAT filing This theory indicated 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 tax collection efficiency.

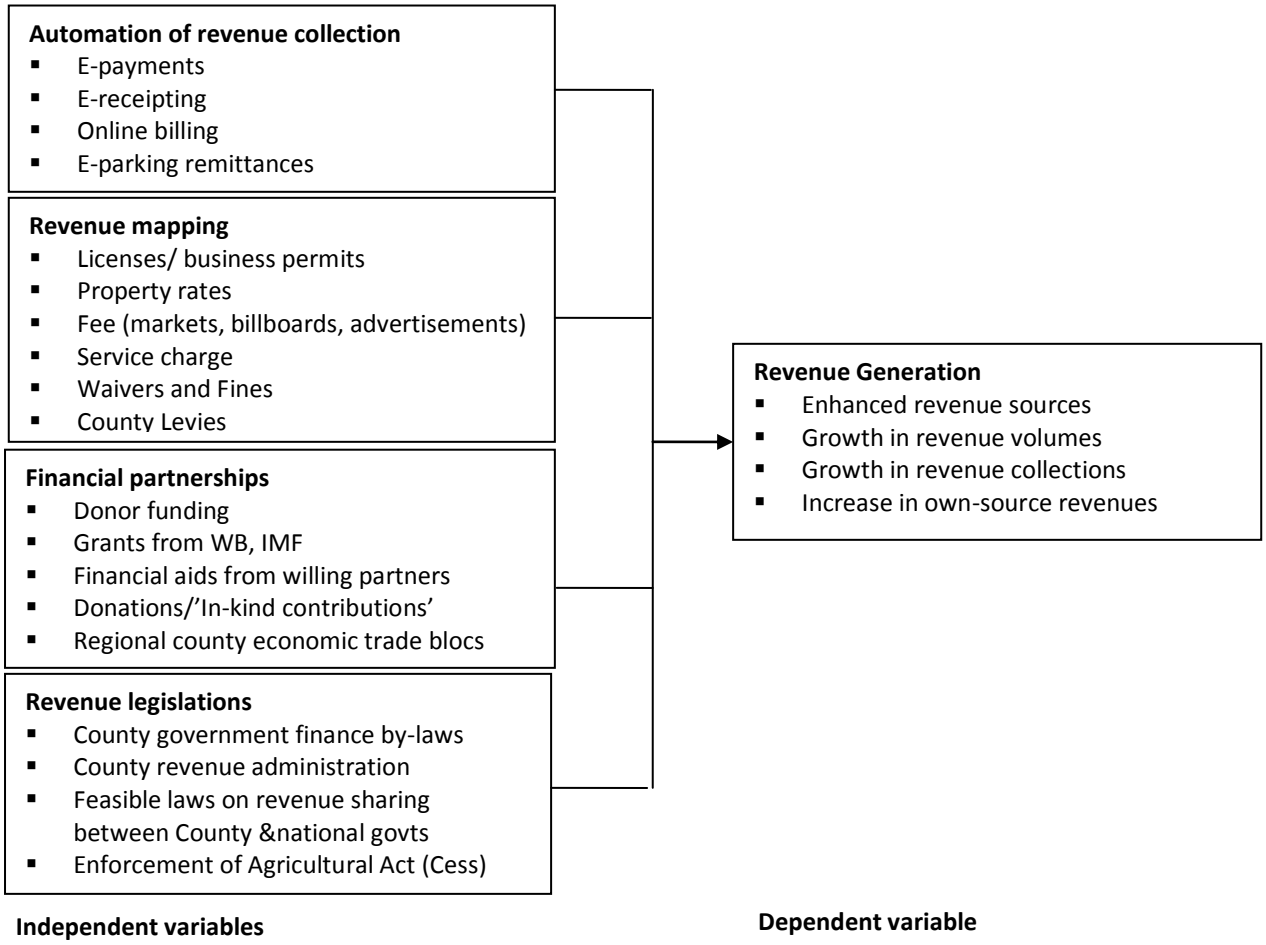

Figure 1: Conceptual Framework

Empirical Review

Ndunda, Ngahu and Wanyoike (2015) reported on automatic parking system and electronic parking fee collection based on vehicle number plate recognition. The aim of their research was to develop and implement an automatic parking system that would increase convenience and security of the public parking lot as well as collecting parking fee without hassles of using magnetic card. The auto parking system would have less interaction of humans and use no magnetic card and its devices. In additions to that, it has parking guidance system that can show and guide user towards a parking space. The system uses image processing of recognizing number plates for operation of parking and billing system. Overall, the systems run with a preprogrammed controller to make minimum human involvement in the parking system and ensure access control in restricted

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places, thus save financial leakages in manual revenue collection.

Muriithi, and Moyi, (2003) in their study contended that the key goal of tax changes in Kenya was to guarantee that the tax framework could be saddled to relieve the never-ending fiscal imbalances. This will be accomplished through tax approaches expected to make the yield of individual taxes receptive to changes in national income. This study connected the ideas of buoyancy and elasticity to figure out if tax changes in Kenya accomplished these targets. Evidence suggests that changes positively affected the general tax structure and on the individual tax. This is because most scholars assert that decent tax structure as a salient feature of revenue mapping ought to have the characteristics of efficiency, equitability, neutrality, adaptability, and simplicity.

Oates (2005), also found that application of different sources of revenues through proper mapping of revenue sources ensures the predictability and stability of sources of revenue in public finance. It as well gives the implication that no one source of finance has control or is relied upon at the expense of other sources of finance. This ensures that there is continuity in the service delivery in the public sector as income flow is consistent.

In a study from Uganda, Boex, and Martinez-Vazquez (2007), discovered considerable gaps between the local government appraisals of the revenue yields from local markets with the genuine revenue yield gathered by private partners. In six markets contemplated, the gaps (lost revenues) added up to somewhere around 25% and 74% of aggregate revenue collected in every market. In addition, the actual margins acknowledged by private specialists brought about by this undervaluation of market yields fluctuated around 71% and 97%. In this manner, it appears to be clear that instead of improving local revenue, the private tax collection framework in Uganda exchanges cash from standard and regularly poor provincial taxpayers and into the pockets of private tax specialists and their different financial partners. All things considered, 53% of all revenue gathered from sellers in the markets could be translated as immaculate redistributive transfer to individuals from financial elites.

Muthoni (2015) found that top management influences the allocation of resources among the projects in an organization and also the allocated fund to the projects were not enough. The study too found that top management had a great influence on allocation of funds on the collections of revenues and recommended that fund managers are supposed to liaise with willing financial partners to uplift revenue generation in county governments.

Juul (2006) studied on decentralization of local taxation and citizenship in Senegal and concentrated on the governmental issues of income mobilization in a system of decentralization, democratization and multiparty legislative issues as experienced in the little town of Barkedji in the peaceful district of Senegal. In Senegal, mobilization of income has as of late been exchanged from state managers to privately chosen councilors. In spite of the presumption of the great administration tenet, this exchange of obligation has not brought about reinforcing of fair structures where citizens request and increase public administrations, more political representation and flexible revenue legislations in return for expanding taxes.

Brooksons (2002) carried out a study on the effect of local government finances and financial management in Tanzania. This study assessed the ability of local government authorities in Tanzania as concerns budgetary administration and income improvement and examinations inclines in monetary responsibility and productivity for the period 2000-2007. The study focused on six councils in Tanzania. Information was gathered by utilizing a mix of quantitative and qualitative techniques, including two rounds of an overview of the natives ' views. The study aimed at determining the level of monetary self-rule; legislative techniques for income mobilization, budgetary administration,

including planning, bookkeeping and evaluating, straightforwardness in financial and money related issues and tax compliance and financial corruption. In light of the data gathered, the study showed that the legislative procedure of decentralization by devolution under the Local Government Reform Program has added to enhancing local government capacities with regards to budgetary administration. The study also found that the revenue legislation changes had decreased the financial self-sufficiency of local government authorities (Blazek, 2005).

METHODOLOGY

This study applied descriptive survey research design. The study targeted a population of 103 staff in the county government of Busia who had direct or indirect role in revenue collection and cash management. 82 respondents were used in this study as the sample size and were randomly selected. The study used structured questionnaires which are suitable instrument for the study since it can reach many respondents in a short time. The data from questionnaires was coded, entered, cleaned and analyzed using a statistical Package for Social Sciences (SPSS 24) where descriptive statistics (percentages, means, standard deviations and frequencies) was generated while inferential statistics assessed nature and the strength of the relationships between the independent and dependent variables.

FINDINGS

The results were presented in the table form showing frequencies of responses as per each statement and its corresponding percentage score in brackets.

Automation of revenue collection

This assessed whether automation of revenue generation improves revenue generation in the county government. The results are shown in table 1.

Table 1: Descriptive statistics: Automation of revenue collection

Statement	5	4	3	2	1	Mean	Std.Dev
1. There is an effective ICT platform to support e-revenue collection	16(20.2)	36(45.6)	8(10.1)	12(15.2)	7(8.9)	3.53	1.228
2. All payments of county financial services are electronic	12(15.2)	28(35.4)	17(21.5)	12(15.2)	10(12.7)	3.25	1.255
3. All receipts are electronically generated	13(16.5)	39(49.3)	8(10.1)	7(8.9)	12(15.2)	3.43	1.298
4.There is electronic monitoring& evaluation of all collected revenues	10(12.7)	40(50.6)	9(11.4)	8(10.1)	12(15.2)	3.65	1.271
5.There are integrated electronic financial reports on revenue	12(15.2)	34(43.0)	12(15.2)	10(12.7)	11(13.9)	3.45	1.278
6. Generally, automation of revenue collection has improved revenue generation by the County government	13(16.5)	40(50.6)	9(11.4)	9(11.4)	8(10.1)	3.52	1.197
Valid listwise 79							
Grand mean = 3.472							

From Table 1, 45.6% agreed and 20.2% strongly agreed that there is an effective ICT platform to support revenue collection, meaning that absence of ICT framework cannot guarantee automation of revenue collection. Further, 35.4% agreed and 15.2% strongly agreed that county financial services were done electronically meaning there were some incidences where county financial services were not

done electronically, because 21.5% were not certain while 15.2% and 12.7% were not in agreement with the statement. Most respondents also agreed (49.3%) and strongly agreed (16.5%) that issuance of receipts were done electronically, implying that electronic issuance of receipts reduced corruption associated with manual receipts. Regarding monitoring and evaluation of collected revenue, most respondents agreed (50.6%) and strongly agreed (12.7%) that it was done electronically. Although some respondents (15.2%) were uncertain on the issue of integrated electronic financial reports on revenue, majority agreed (43%) and others (15.2) strongly felt that there existed integrated financial reports on revenue. These results showed that integrated management information system is in use in the county and is used in most financial transactions.

On overall response, most respondents agreed (50.6%) and strongly agreed (16.5%) that generally, automation of revenue collection has improved revenue generation by the County government. The grand mean is 3.472 rounded off to 4 which agree on the Likert scale of measurement. This supported by Benelli and Pozzebon (2013) study that found a solution for the payment of car parks based on different telecommunication technologies. The solution focuses both on street car parks; parks located along the streets or in the squares, and on closed car parks that is parking areas and infrastructures enclosed by entrance and exit bars. Closed car parks are usually multilevel structures where cars drive in taking a ticket from a ticketing machine positioned next to an entrance bar which opens once the user has picked the ticket; an example is the ticketing system at the Zion Mall in Eldoret Kenya. For these structures the operative protocol follows these steps: the user arrives at the entrance bar and receives a ticket with the entrance hour printed on it; the entrance bar opens and the user can park the car wherever he wants inside the parking; when the user comes back to the parking, before collecting the car, he has to go to a ticketing machine; at the ticketing machine he introduces the ticket, and the exact fare is calculated; the user introduces the required amount and the ticket is marked as “Paid”; the user can now pick up the car and go to the exit bar; here, the user introduces the ticket that, once read, allows the opening of the bar.

Revenue mapping

This assessed whether revenue mapping improves revenue generation in the county government. The results were shown in table 2.

Table 2: Descriptive statistics: Revenue Mapping (RM)

Statement	5	4	3	2	1	Mean	Std. Dev
1. There is payment for all licenses/business permits	14(17.7)	38(48.1)	9(11.4)	11(13.9)	7(8.9)	3.52	0.897
2.All property rates in the county are paid in time	13(16.5)	34(43.0)	12(15.2)	9(11.4)	11(13.9)	3.37	0.981
3.There is fee for markets, billboards & advertisements	11(13.9)	41(51.8)	7(8.9)	10(12.7)	10(12.7)	3.42	0.947
4.There are payments for service charge or fines	12(15.2)	39(49.4)	11(13.9)	8(10.1)	9(11.4)	3.47	0.907
5. There are waivers to encourage payments of property rates	15(19.0)	36(45.5)	9(11.4)	10(12.7)	9(11.4)	3.48	0.859
6.Generally, the county government has varied revenue collection sources to improve revenue generation	13(16.5)	39(49.3)	10(12.7)	9(11.4)	8(10.1)	3.51	0.996
Valid listwise 79							
Grand mean = 3.461							

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Table 2 showed that most respondents agreed (48.1%) and strongly agreed (17.7%) that business owners paid for their permits that a viable source for revenue. The same responses were echoed in regard to payment of property rates (43% and 16.5%) and payment of market fees, bill boards and advertisement (51.8% and 13.9%) implying that there were varied and viable revenue sources. Further majority (49.4%) agreed and 15.2% strongly agreed that fines were levied, implying that most tax payers feared fines thus paid promptly to avoid accompanying penalties. Most respondents also agreed (45.5%) and strongly agreed (19.0%) that the county has put in place a mechanism to encourage payments of property through introduction of waivers; implying that introduction of waivers encourages of property rates which definitely boost revenue collection.

On overall, most respondents agreed (49.3%) and strongly agreed (16.5%) that generally, the county government had varied revenue collection sources to improve revenue generation. The grand mean was 3.461 rounded off to 4 which agreed on the Likert scale of measurement, that the county government had varied revenue collection sources to improve revenue generation. This was supported by Controller of Budget Report 2016/17) that prioritizing expansion of revenue base by mapping and tapping into unexploited revenue streams is an opportunity for enhancing revenue generation. Currently, most county governments were facing difficulties in increasing own source revenue generation because they used outdated valuation rolls to impose property taxes for instance, lack comprehensive databases of businesses that can be taxed and have inadequate understanding of the potential of the various own source revenue generation streams at their disposal. This called for investment in research and assessment of the viability of untapped own source revenue generation steams and regular mapping and registration of businesses within counties for taxation

Financial partnership

This assessed whether financial partnership improved revenue generation in the county government. The results were shown in table 3.

Table 3: Descriptive statistics: Financial Partnership (FP)

Statement	5	4	3	2	1	Mean	Std.Dev
1.The County government engages in donor funding of selected projects that can raise revenue in the county	14(17.7)	38(48.1)	9(11.4)	11(13.9)	7(8.9)	3.52	0.992
2.The county partners with World Bank, IMF to get financial support for relevant projects that can boost county revenue	12(15.2)	38(48.1)	11(13.9)	10(12.7)	8(10.1)	3.46	0.996
3.The county government sometimes gets financial aid from willing financial partners	13(16.5)	37(46.7)	10(12.7)	12(15.2)	7(8.9)	3.47	0.927
4.The are donations or 'in-kind contributions' to county	11(13.9)	41(51.9)	9(11.4)	10(12.7)	8(10.1)	3.43	0.886
5. The county partners with local financial lending institutions to	12(15.2)	34(43.0)	12(15.2)	10(12.7)	11(13.9)	3.33	0.878

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fund income generating activities in the County							
6. Generally, financial partnership initiatives helps boost revenue generation by the county government	11(13.9)	42(53.2)	10(12.7)	8(10.1)	8(10.1)	3.51	0.864
Valid listwise 79							
Grand mean = 3.453							

Table 3 showed that most respondents agreed (48.1%) and some strongly agreed (17.7%) that the County government engaged in donor funding of selected projects that can raise revenue in the county. Few 13.9% disagreed and 8.9% strongly disagreed to the fact. This implied that financial partnership with financial donors actually boost revenue generation by the county governments that engage in it. It was also evident that the County government partnered organizations like the World Bank, IMF for financial support as 48.1% agreed and 15.2% strongly agreed to the statement. Few respondents (13.9) were uncertain and the rest disagreed.

Further, 46.7% agreed and 16.5% strongly agreed that most of the donors the County government engaged with were willing implying that there were willing donors to financially partner with county governments to boost county revenues. The respondents also confirmed that some donations to the county were made 'in -kind 'as most respondents 51.9% agreed to the statement.

More so, partnership with local financial institutions was also brought out as 43% agreed and 15.2% strongly agreed that the county government partners with local institutions to fund development projects, thus showing evidence of partnership by the county government for the purpose of revenue generation that ought to boost county economic development.

On overall most respondents agreed (53.2%) and strongly agreed (13.9%) that generally, financial partnership initiatives helped boost revenue generation by the county government. The grand mean was 3.453 rounded off to 4 which agred on the Likert scale of measurement, that the financial partnership initiatives improve revenue generation. This was supported by a study from Uganda, by Boex, and Martinez-Vazquez (2007) who discovered considerable gaps between the local government appraisals of the revenue yields from local markets with the genuine revenue yield gathered by private partners. In six markets contemplated, the gaps (lost revenues) added up to somewhere around 25% and 74% of aggregate revenue collected in every market. In addition, the actual margins acknowledged by private specialists brought about by this undervaluation of market yields fluctuated around 71% and 97%. In this manner, it appears to be clear that instead of improving local revenue, the private tax collection framework in Uganda exchanges cash from standard and regularly poor provincial taxpayers and into the pockets of private tax specialists and their different financial partners. All things considered, 53% of all revenue gathered from sellers in the markets could be translated as immaculate redistributive transfer to individuals from financial elites and donors.

Revenue legislation

This assessed whether revenue legislation improves revenue generation in the county government. The results were shown in table 4.

Table 4: Descriptive statistics: Revenue Legislation

Statement	5	4	3	2	1	Mean	Std.Dev
1. There are favorable county government by-laws to boost revenue generation	17(21.5)	35(44.3)	12(15.2)	8(10.1)	7(8.9)	3.59	0.883
2.The revenue administration laws boost revenue collection	14(17.7)	36(45.6)	13(16.5)	8(10.1)	8(10.1)	3.51	0.891
3. Laws on revenue sharing between County & national governments has a bearing on revenue generation	13(16.5)	39(49.3)	12(15.2)	7(8.9)	8(10.1)	3.53	0.875
4. There are realistic jurisdictions on revenue collection in the county	9(11.4)	41(51.8)	9(11.4)	10(12.7)	10(12.7)	3.37	0.821
5. The County legal framework is sufficient for revenue generation	13(16.5)	36(45.5)	11(13.9)	9(11.4)	10(12.7)	3.42	0.857
6. Generally, administration of county revenue collection by-laws influence county revenue generation	11(13.9)	42(53.1)	10(12.7)	9(11.4)	7(8.9)	3.52	0.842
Valid listwise 79							
Grand mean = 3.49							

From table 4, most respondents agreed (44.3%) and strongly agreed (21.5%) that there existed favorable county legislations governing revenue generation, implying that revenue legislations were not perceived as punitive by tax payers. Most respondents also agreed and strongly agreed (45.6% and 17.7%) respectively that revenue administration laws boost revenue collection, thus revealing viability of feasible revenue legislations.

More so, 49.3% and 16.5% of respondents agreed and strongly agreed respectively that the revenue administration laws and the law on revenue sharing between levels of government had a bearing on revenue collection in the county. Most respondents also agreed (51.8%) and strongly agreed (11.4) that jurisdictions on revenue collection in the county was realistic, implying that revenue jurisdiction in the county significantly boost revenue generation. Although some respondents were uncertain (13.5%) on the sufficiency of legal framework for revenue allocation, majority agreed (45.5%) and strongly agreed (16.5%) to the statement. The results indicated that there exist sufficient legal framework and enforcement mechanisms for revenue collection that can boost the revenue of the County government.

On overall, most respondents agreed (53.1%) and strongly agreed (13.9%) that generally, administration of county revenue collection by-laws influenced county revenue generation. The grand mean was 3.461 rounded off to 4 which was agreed on the Likert scale of measurement, that administration of county revenue collection by-laws influence county revenue generation. This was supported by Article 209(3) of the Constitution of Kenya (2010) which allowed counties to impose property tax, entertainment taxes and any other tax authorized by an Act of Parliament, as well as

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charges for the services they provide. The PFM Act provides guidelines for management of county revenues including banking arrangements and appointment of revenue receivers and collectors. To give effect to Article 209(3) of the Constitution of Kenya (2010), counties enact specific laws such as the annual county finance acts that authorize tax collection and receipt of other revenues.

Inferential analyses

Table 5 : Correlations

		Automated Revenue Collection	Revenue Mapping	Financial Partnerships	Revenue Legislation	Revenue Generation
Automated Revenue Collection	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	79				
Revenue Mapping	Pearson Correlation	.629**	1			
	Sig. (2-tailed)	.000				
	N	79	79			
Financial Partnerships	Pearson Correlation	.479**	.586**	1		
	Sig. (2-tailed)	.000	.000			
	N	79	79	79		
Revenue Legislation	Pearson Correlation	.507**	.573**	.614**	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	79	79	79	79	
Revenue Generation	Pearson Correlation	.727**	.792**	.785**	.794**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	79	79	79	79	79

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

In this study (table 5 on correlation analysis), the highest correlation coefficient between all pairs of independent variables (automation of revenue collection, revenue mapping, financial partnership, revenue legislation) was 0.629, which was below the correlation coefficient threshold of 0.8, thus multicollinearity assumption was checked and not violated.

Linear regression results

Table 6: Direct influence of automated revenue collection on revenue generation

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.727[a]	.529	.523	.81957	.529	86.525	1	77	.000

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	58.118	1	58.118	86.525	.000[b]
	Residual	51.720	77	.672		
	Total	109.838	78			

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.300	.251		5.184	.000

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Automated Revenue Collection	.690	.074	.727	9.302	.000

a. Dependent Variable: Revenue Generation

The model summary in table 6, showed that R^2 = 0.529; which indicated that 52.9% variation in revenue generation in Busia County government was explained by automation of revenue collections while other factors not in the conceptualized study model accounts for 47.1% variation in the revenue generation in Busia County government. More so, coefficient analysis also indicated that there is a positive and significant influence of automation of revenue collection systems on the revenue generation in Busia County government. (*β= 0.690 (0.074); at p<.01).* The coefficient analysis results therefore implied that a single improvement in effective automated revenue collection system will yield 0.690 unit improvement in revenue generation in Busia County government. The linear regression equation was;

(i) $y = 1.300 + 0.690X_1$

Where;

y = revenue generation in Busia County government.

X_1 = automation of revenue collection

Table 7: Direct influence of revenue mapping on revenue generation

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.792[a]	.627	.622	.72990	.627	129.169	1	77	.000

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	68.815	1	68.815	129.169	.000[b]
	Residual	41.022	77	.533		
	Total	109.838	78			

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.983	.234		4.210	.000
	Revenue Mapping	.757	.067	.792	11.365	.000

a. Dependent Variable: Revenue Generation

The model summary in table 7, showed that R^2 = 0.627; which indicated that 62.7% variation in revenue generation in Busia County government was explained by revenue mapping while other factors not in the conceptualized study model accounts for 37.3% variation in the revenue generation in Busia County government. More so, coefficient analysis also indicated that there is a positive and significant influence of revenue mapping on the revenue generation in Busia County government. (*β= 0.757 (0.067); at p<.01).* The coefficient analysis results therefore implied that a single improvement in effective revenue mapping initiatives will yield 0.757 unit improvement in revenue generation in Busia County government. The linear regression equation is;

(ii) ***$y = 0.983 + 0.757X_2$***

Where;

y = revenue generation in Busia County government.

X_2 = revenue mapping

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Table 8: Direct influence of financial partnerships on revenue generation

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.785[a]	.616	.611	.73983	.616	123.672	1	77	.000

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	67.692	1	67.692	123.672	.000[b]
	Residual	42.146	77	.547		
	Total	109.838	78			

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.945	.242		3.910	.000
	Financial Partnership	.769	.069	.785	11.121	.000

a. Dependent Variable: Revenue Generation

The model summary in table 8, showed that R^2 = 0.616; which indicated that 61.6% variation in revenue generation in Busia County government.is explained by financial partnership while other factors not in the conceptualized study model accounts for 38.4% variation in the revenue generation in Busia County government. More so, coefficient analysis also indicates that there is a positive and significant influence of financial partnership on the revenue generation in Busia County government. (β= 0.769 (0.069); at p<.01). The coefficient analysis results therefore implied that a single improvement in effective financial partnership initiatives would yield 0.769 unit improvement in revenue generation in Busia County government. The linear regression equation was;

(iii) $y = 0.945 + 0.769X_3$

Where;

y = revenue generation in Busia County government.

X_3 = financial partnership

Table 9: Direct influence of revenue legislations on revenue generation

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.794[a]	.630	.625	.72631	.630	131.212	1	77	.000

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ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	69.218	1	69.218	131.212	.000[b]
	Residual	40.620	77	.528		
	Total	109.838	78			

Coefficients[a]						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	.918	.237		3.868	.000
	Revenue Legislation	.764	.067	.794	11.455	.000

a. Dependent Variable: Revenue Generation

The model summary in table 9, showed that R^2 = 0.625; which indicated that 62.5% variation in revenue generation in Busia County government.is explained by revenue legislations while other factors not in the conceptualized study model accounts for 37.5% variation in the revenue generation in Busia County government. More so, coefficient analysis also indicated that there is a positive and significant influence of revenue legislation on the revenue generations in Busia County government. (β= 0.764 (0.067); at p<.01). The coefficient analysis results therefore imply that a single improvement in effective revenue legislations will yield 0.764 unit improvement in revenue generation in Busia County government. The linear regression equation is;

(iv) $y = 0.918 + 0.764X_4$

Where;

y = revenue generation in Busia County government.

X_4 = revenue legislation

Table 10: Multiple regression results

Model Summary									
					Change Statistics				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.896[a]	.803	.792	.54113	.803	75.277	4	74	.000

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	88.169	4	22.042	75.277	.000[b]
	Residual	21.668	74	.293		
	Total	109.838	78			

a. Dependent Variable: Revenue Generation

b. Predictors: (Constant), Revenue Legislation, Automated Revenue Collection, Revenue Mapping, Financial Partnership

The results in table 10 showed that the F-statistics produced was significant (F=75.277, *significant* at *p<.001*), thus confirming the fitness of the study model. For an R^2 of 0.803, this indicated that the conceptualized study model explained 80.3% of the variations in the revenue generation in Busia County government, while other factors not in this

conceptualized study model accounts for 19.7%, thus, it is a good model.

Further, all the independent variables (automated revenue collection; β = 0.393(0.057) at p<0.01; revenue mapping; β = 0.299 (0.108) at p<0.05; financial partnerships; β = 0.304 (0.109) at p<0.05, revenue legislation; β = 0.292 (0.110) at p<0.05; were significant predictors of revenue generation in Busia County government (dependent variable). Therefore, the multiple regression equation for overall significant influence of the study's independent variables (automation of revenue collection, revenue mapping, financial partnership and revenue legislation) on revenue generation in Busia County government. (dependent variable) was;

(v) $y= 0.751+0.393X_1+0.299X_2 - 0.304X_3 + 0.292X_4$

Where;

y= revenue generation in Busia County government.

X_1= automation of revenue collection

X_2= revenue mapping

X_3= financial partnership

X_4= revenue legislation

Table 11: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.751	.228		3.289	.002
	Automated Revenue Collection	.393	.057	.414	6.836	.000
	Revenue Mapping	.299	.108	.313	2.773	.017
	Financial Partnership	.304	.109	.318	2.802	.016
	Revenue Legislation	.292	.110	.298	2.640	.010

a. Dependent Variable: Revenue Generation

Hypothesis Testing

Research **Hypothesis one** stated that there is no significant relationship between automation of revenue collection and revenue generation in Busia County government. The study results indicate that there exists a positive and significant effect of automation of revenue collection on revenue generation in Busia County government (β = 0.393 (0.057), at *p<0.01*. **Hypothesis one was thus rejected**.

Research **Hypothesis two** stated that there is no significant relationship between revenue mapping and revenue generation in Busia County government. The study results indicated that there exists a positive and significant effect of revenue mapping on revenue generation in Busia County government (β = 0.299 (0.108), at *p<0.05*. **Hypothesis two was thus rejected**.

Research **Hypothesis three** stated that there is no significant relationship between financial partnership and revenue generation in Busia County government. The study results indicated that there exists a positive and significant effect of financial partnership on revenue generation in Busia County government (β = 0.304 (0.109), at *p<0.05*. **Hypothesis three was thus rejected**.

Research **Hypothesis four** stated that there is no significant relationship between revenue legislations and revenue generation in Busia County government. The study results indicated that there exists a positive and significant influence of revenue legislations on revenue generation in Busia County government (β = 0.292 (0.110), at *p<0.01*. **Hypothesis four was thus rejected**.

CONCLUSIONS

First, the study concluded that automation of revenue collection significantly improves revenue generation in county governments since the automated revenue systems minimize financial embezzlements associated with manual revenue collections. Secondly, revenue mapping initiatives assist county governments identify all sources of county revenues thus boosts revenue generation in

county governments. Thirdly, financial partnerships by financial institutions, donors or investors really boost business enterprises in the county which significantly improves revenue generation in the county governments. Lastly, feasible revenue legislations in counties really boost revenue generation in county governments.

RECOMMENDATIONS

First, county governments should purely implement automated revenue collection systems so as to minimize financial fraud related cases that are associated with manual revenue collections. Secondly, county governments should engage in viable revenue mapping initiatives that help in identification of pertinent sources of county revenues. Thirdly, county governments should financially partner with willing investors, donors or financial institutions in supporting business enterprises within counties that will eventually enhance revenue collections from prosperous business enterprises. Fourthly, county government should enact feasible revenue legislations that attract high revenue collections.

Areas for further research

First, another study can be done on the challenges associated with automated revenue collection systems so as to address any system pitfalls. Secondly, another study can identify key county revenue sources that really boost county revenue generation. Thirdly, a comparative study can be done to identify successful financial partnership initiatives employed by various county governments to boost their revenue generation.

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