COMPETENCIES OF REVENUE COLLECTORS AND OWN SOURCE REVENUE TARGETS ACHIEVEMENT AMONG SELECTED COUNTY GOVERNMENTS IN KENYA

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ABSTRACT

The attainment of own source revenue targets by counties holds significant importance as it underpins their financial autonomy, local development initiatives, and effective service delivery. Against this backdrop, the study sought to determine competencies of revenue collectors and own source revenue target achievement. A mixed research design was adopted by this study, targeting a population of 708 employees working in six selected county governments. By use of the Yamane formula, the determined sample was 280, who were reached through both census and stratified random sampling technique. Primary was collected through structured questionnaires. Inferential statistics were produced using both multiple and moderated regression analyses. Results indicate that there was moderate correlation between competency of revenue collectors on own source revenue target achievement (r=0.637; p <0.05). The study recommended that county governments should prioritize the continuous training and development of their revenue collectors, equipping them with the necessary skills and knowledge to navigate the complexities of contemporary revenue collection.

Key Words: *Competencies, Revenue Collectors, Own Source Revenue Targets*

INTRODUCTIONS

Government plays a pivotal role in providing essential public services that contribute to societal well-being and progress, encompassing responsibilities from education to public safety (Gatta et al., 2018). Within this broader framework, county governments embody the principles of decentralized governance, infusing the spirit of local responsiveness and empowerment into the provision of public utilities. On a county scale, the government's role in service delivery takes on a nuanced character, intimately attuned to the specific needs and aspirations of the local communities (Ismail et al, 2020). Revenue collection at the county level thus forms the financial backbone that enables effective delivery of vital public services. By generating income through local taxes, fees, licenses, and fines, county governments leverage own source revenues (OSR) to acquire the resources necessary to fund education, healthcare, infrastructure, and various community-oriented initiatives (Fombad and Steytler, 2019). This self-sustaining revenue model grants counties the autonomy to address unique local needs, ensuring that services are tailored to the specific demands of their residents.

Globally, many of India's devolved governments have found themselves in the difficult scenario of not having enough money gathered to cover their financial obligations (Malalgoda, Amaratunga, and Haigh, 2016). Most of these governments lacked the resources necessary to pay their employees' wages. The authors also point out that these lower-level governments are experiencing a fiscal crisis of unprecedented proportions, which is forcing state governments to borrow more money to pay for spending. The majority of Kenya's devolved units collect local taxes, which are necessary but insufficient to support development and meet the needs of the country's expanding population.

Sub-Saharan Africa has struggled to maximize income gathering by autonomous administrations (Nduta et al., 2017). In the case of in Nigeria, decentralized units' tax collections are inadequate to achieve the goals of economic growth and independence in rural areas (Chima and Abdulhamid 2015; Toyin, 2015). Owusu (2012) asserts that devolved regions in Ghana had access to fresh revenue streams that the national government had not fully investigated, resulting in a decrease in revenue-related spending. This was with regard of the Ghana reducing poverty strategy being implemented at the local level.

Statement of the Problem

All county governments must implement policies to guarantee that the revenue projections are realized through operational effectiveness and creative approaches. The problem however lies in ascertaining whether and how competency of revenue collection staff enhances the connection the effectiveness of agency revenue collection towards OSR target achievement, as county governments increasingly adopt automation technologies in their revenue collection processes. Globally, most studies undertaken tried to investigate the factor affecting revenue performance by governments. In Kenya, most studies emphasized on the Kenya Revenue Authority which is at the national level and few had been undertaken in the County Governments with specific focus on OSR target achievement. This study provide actionable insights and evidence-based recommendations for county governments in Kenya, enabling them to optimize their revenue collection strategies, streamline processes, and ultimately achieve their revenue targets more effectively.

LITERATURE REVIEW

According to published research, the achievement of the own source revenue target and employee competency in carrying out their duties are positively correlated. Competence is the formal procedure put into practice for transferring knowledge and abilities that are essential for achieving high levels production. Enhancing employee knowledge and abilities is the process of ensuring they have the capabilities to carry out a certain job well. Collins et al. (2016) define

development as assistance with learning aimed at enhancing the employee capacity so as to undertake a task or assignment well. Training is a key element in assisting with tax collection in developing nations, and it is almost always included in aid programs to have an impact on how public services are provided. These exercises primarily aimed to loosen restrictions within organizations of general society while also illuminating government policy, promoting global data interchange, and renewing reasonable discussion on tax-related topics (Maisiba, and Atambo, 2016).

Collins, et al., (2016) employed a descriptive survey research design in their study on staff training and tax collection. The study sampled 20 parking attendants who were selected at random in China. The results of the study demonstrated that extrinsic factors, such as the fairness of present training processes and aptitude for training, significantly influenced work performance in the tax collection industry. There was need to conduct research on staff training and development in Kenya to contextualize the findings discovered in China.

Emojong (2018) conducted research on the impact of competency-based education approaches on employee productivity and efficiency in the educational programs of the Ugandan Revenue Authority. In order to accomplish this, 281 respondents who were 271 members of the operational staff and 10 members of the management team were interviewed using a mixed research method that combined descriptive and correlation research. As per the investigation, there is a substantial positive linkage between competency-based education and employee productivity and efficiency in their positions as registers, assessors, and collectors of data. This study intended to check if the findings would hold in relation to staff competency and own source revenue target achievement in the county governments in Kenya.

Prior to the establishment of county governments in Kenya, local authorities tended to have a sizable staff surplus, which led to a significant turnover in

the number of specialists and experts. This resulted from a lack of motivation, motivators, and conflict between local governments and the Public Service Commission, which is tasked with resolving personnel difficulties in government (Muriithi, & Moyi, 2013). The extent of corruption and wasteful practices that local governments must deal with is both a cause and a consequence of the significant turnover of qualified specialists within such organizations. Along with their incapacity to deliver administrations to tax payers and city residents, the other characteristic of most local governments was a periodic slowness in paying their personnel (Henry et al., 2016). To ensure that they received back pay and arrears, several municipal employees engaged in industrial action, such as a boycott of their assigned tasks. In this case, administrative conveyance is hampered, delayed, and underprovided, which negatively impacts personnel morale as well as tax payers. As the county governments function inside the boundaries of the long-gone local authorities, the study attempted to determine whether the conclusions from the local authorities still apply.

Charity (2021) conducted a study on the impact of employee competency on county government performance in Kenya's central region using a descriptive and explanatory research methodology. 252 respondents were given an organized electronic survey to complete across the five counties of central Kenya. For the purpose of analysis, both inductive and enumerative statistics were utilized, and a 95% confidence level was evaluated on the complete model. Results showed that staff competency has a favorable, statistically significant impact on county government performance. Therefore, in order for revenue collection agents to effectively collect own source revenue and help the county government reach its revenue collection goal, they must possess accounting skills.

In Kenya's local government sector, Henry (2016) conducted research at the City Council of Nairobi. 10,600 personnel made up the study's overall population, of which 7% were 27% of respondents

were from the middle ranks, 27% from the upper ranks, and 66% represented lower levels of management. The investigation's approach was interpretative. We employed sampling stratification to make it simpler to divide the sample into the three categories, with 10% of the sample being selected from each stratum of the target population. The research claims that in order to alter its culture and offer high-quality services, the council must allocate appropriate resources to staff training and development. The study in Nairobi had a smaller proportion of top management and a high portion in lower management and in line with corporate governance principles this study concentrated with top management who are the policy and decision makers in the county governments on aspects of performance management. This study adopted a mixed methods research methodology considering both primary and secondary data.

Kogei (2020) conducted a study on the effects of revenue collection strategies on revenue collection in Kenya's Meru County government. The benefit theory and the ability to pay theory, which in retrospect explain why taxpayers are motivated to pay their taxes, served as the foundation for this study. A descriptive research methodology was used to examine the 114 management and revenue collection staff members who worked in the finance division of Meru County. The size of the sample was set at 35 workers using a stratification method. The information was collected systematically using a survey, and SPSS was used for analysis. To ascertain how various strategies affect the amount of money collected, the study used descriptive statistics. The researcher advises the county to empower the workforce by investing in capacity building and information technology in order to realize the most possible revenue. The current study determined the relationship between the competency of revenue collectors while considering a bigger sample of 280 respondents against 35 considered in Meru County for purposes of infering and generalizing the results to other county governments.

Kimutai et al., (2017) assessed how training affected the mobilization of money in 6 county administrations in Rift Valley. This investigation used a descriptive design and discovered that county revenue staff training increased their understanding of the work they were assigned, which in turn affected their productivity in revenue mobilization. The counties' level of revenue collection was raised as a consequence of seminars and workshops that provided county personnel with knowledge of various revenue mobilization tactics and revenue management. According to the report, it is essential that county revenue-related staff receive the appropriate training and are hired based on their credentials. The present investigation established the relationship between capacity building plans of staff on the achievement of their own source revenue targets.

Amadi (2014) conducted a case study research design study at the Safaricom Limited call center to assess how training and development affect employee performance. Through the use of structured and unstructured questionnaires throughout the sampling group and secondary data derived through organizational reports, information was gathered from 340 call center personnel. The study found that employee engagement and productivity were positively impacted by training and development. While the current study aimed to consider additional potential influencing elements own source target revenue achievement, training and development have received a lot of attention. Furthermore, the focus of the last study was the private sector, whereas this one was on county governments, which are a part of the public sector.

In order to identify the variables that impacted income collection in the Nairobi City County Government, Ngicuru, Muiru, and Riungu (2016) conducted a study applying a descriptive research design. The study involved conducting in-depth interviews with a sample of 180 employees using a survey questionnaire. Both descriptive and inferential statistics were utilized to analyze the data in the study, which employed multivariate

regression. The research showed that the most common criteria were competent staff, computer availability, communication system availability, tax structure, and tax education. This current study checked on the findings if they still hold and introduce other variables including the moderating effect of revenue collection automation.

The reviewed literature considered the effect of various human resource factors touching on training and development, motivation and staff competency among others. Chan, (2016), Fakhari, (2022) undertook research in foreign countries of United Kingdom, Malaysia, Indonesia, Canada, China, United Arab Emirates and United States of America which are not similar to county governments in Kenya. In addition, Amadi (2014) study on the effect of staff competency on service delivery was undertaken in Safaricom Limited which is a company in the private sector and the same is not comparable to county governments which are public sector establishments. Puteh, et al., (2016) and Kogei (2020) generalized findings having sampled 15 and 35 staff members respectively which may not support the findings which a methodical hole that the present research fills will fill by considering a larger sample of 280 respondents. Most of the studies reviewed greatly relied on cross sectional methods and information analysis approaches.   Due to these gaps, the present study closed the knowledge gap on the relationship between competency of revenue collection agents on the achievement of own source revenue targets.

Research Design

This study used a mixed research methodology. This method combines rigorous quantitative and qualitative research methods to draw on the strengths of each and allow researchers to use a diversity of methods, combining inductive and deductive thinking, and offsetting limitations of exclusively quantitative and qualitative research through a complementary approach that maximizes strengths of each data type and facilitates a more comprehensive understanding of health issues and potential resolutions. It was employed to produce a robust description and interpretation of the data, make quantitative results more understandable (Ogula, 2015).

RESULTS

The null hypothesis stated that "*There is no statistically significant relationship between competencies of revenue collectors and own source revenue targets achievement among selected county governments in Kenya*" ($H_0$1). To test this hypothesis, a simple linear regression was conducted, producing three outputs including model summary, ANOVA and coefficients.

Table 1: Model Summary for Model I

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.522[a]	0.272	0.269	3.91677

a. Predictors: (Constant), Competency of Revenue Collectors
b. Dependent Variable: Own Source Revenue Target Achievement

A correlation coefficient of 0.522 was established, implying a strong linear relationship between competency of revenue collectors and own source revenue target achievement. An R square of 0.272 was also established, implying that competency of revenue collectors accounts for a notable 27.2% of the variance in own source revenue target achievement while the balance of 72.8% is accounted for by factors excluded in the regression model.

Table 2: ANOVA Statistics for Model I

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1364.326	1	1364.326	88.933	0.000[b]
	Residual	3651.170	238	15.341		
	Total	5015.496	239			

a. Dependent Variable: Own Source Revenue Target Achievement
b. Predictors: (Constant), Competency of Revenue Collectors

ANOVA statistics was found to be significant (F=88.933, Sig. <0.05), implying that the regression model adopted was statistically significant, and can be relied upon to make further inferences. The regression Sum of Squares was recorded at 1364.326 out of 5015.496, further confirming that competency of revenue collectors accounts for a notable 27.2% of the variance in own source revenue target achievement while the balance of 72.8% is accounted for by factors excluded in the regression model as indicated by the residual sum of squares (3651.170).

Table 3: Coefficients for Model I

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	14.187	2.068		6.859	0.000
	Competency of Revenue Collectors	0.637	0.068	0.522	9.430	0.000

a. Dependent Variable: Own Source Revenue Target Achievement

A beta coefficient of 0.522 was recorded in competency of revenue collectors, implying that keeping other factors constant, a unit change in competency of revenue collectors would result in 0.522 change in own source revenue target achievement. The finding was also significant at 95% confidence level (Sig. <0.05), indicating that competency of revenue collectors has a statistically significant relationship with own source revenue target achievement. The study thus rejects the first null hypothesis that states that there is no statistically significant relationship between competencies of revenue collectors and own source revenue targets achievement among selected county governments in Kenya ($H_0 1$).

Taking the regression model: $Y = \beta_0 + \beta_1 X_1$; the model can be rewritten as follows, based on the regression analysis:

Own source revenue target achievement = 14.187 + 0.522 (competency of revenue collectors).

The beta coefficient of 0.522 in competencies of revenue collectors signifies the strength and direction of the relationship between competency of revenue collectors and own source revenue target achievement in the context of selected county governments in Kenya. Therefore, the statistically significant relationship between competency on revenue target achievement ($\beta = 0.522$, p = 0.000, Sig. <0.05) emphasizes the practical importance of investing in the training and development of revenue collection personnel within county governments. This finding has significant policy implications, as it suggests that improving the competency of revenue collectors can lead to enhanced revenue collection performance and, ultimately, greater fiscal sustainability and public service provision. The results align with the well-established understanding that a competent and skilled workforce is a cornerstone of efficient public financial management (Waniani et al., 2017; Salman et al., 2020). In the realm of public finance, the competence of revenue collectors is critical for effectively implementing tax policies and ensuring that taxpayers comply with their obligations (Fakhari, et al., 2022). Similarly, Amadi (2014) found that employee engagement and productivity were positively impacted by training and development. Competent revenue collectors are better equipped to handle complex tax regulations, offer clear guidance to taxpayers, and manage the revenue collection process more efficiently.

CONCLUSION AND RECOMMENDATIONS

The comprehensive analysis conducted in this study unequivocally establishes a robust and statistically significant relationship between the competencies of revenue collectors and the achievement of own source revenue targets among selected county

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governments in Kenya. The study established a statistically significant relationship between competencies of revenue collectors and own source revenue targets achievement among selected county governments in Kenya underscore the critical importance of investing in the capabilities of revenue collection personnel. In light of these findings, it is recommended that, county governments should prioritize the continuous training and development of their revenue collectors, equipping them with the necessary skills and knowledge to navigate the complexities of contemporary revenue collection. This includes training on evolving tax laws, technological advancements in revenue administration, and effective communication strategies to engage with taxpayers.

The study recommends that, the inclusion of a longitudinal study design could capture the dynamic nature of revenue management practices over time, allowing for a more robust analysis of trends and causality. This is due to the political nature of appointments in County governments that could have an effect on own source revenue performance.

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